

**Application**  
**(Original)**

**Mid-South Imaging Center**  
**Jackson (Madison Co.)**

**CN1808-036**

**CERTIFICATE OF NEED APPLICATION**

**FOR**

**MID-SOUTH IMAGING CENTER**

**The Establishment of an Outpatient Diagnostic Center  
and the Initiation of MRI Services**

**Madison County, Tennessee**

**August 15, 2018**

**Contact Person:**

**Jerry W. Taylor, Esq.  
Burr & Forman, LLP  
222 Second Avenue South, Suite 2000  
Nashville, Tennessee 37201  
615-724-3247**



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243  
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

## CERTIFICATE OF NEED APPLICATION

### SECTION A: APPLICANT PROFILE

#### 1. Name of Facility, Agency, or Institution

Mid-South Imaging Center  
Name

Unaddressed site: Lot on the east side of Exeter Road, approx. 250 feet south of its intersection  
with Oil Well Road  
Street or Route Jackson  
County

Jackson TN 38305  
City State Zip Code

Website address: \_\_\_\_\_

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

#### 2. Contact Person Available for Responses to Questions

Jerry W. Taylor Attorney  
Name Title

Burr & Forman, LLP itaylor@burr.com  
Company Name Email address

222 Second Avenue South Suite 2000 Nashville TN 37219  
Street or Route City State Zip Code

Attorney 615-724-3247 615-724-3248  
Association with Owner Phone Number Fax Number

**NOTE:** **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and the Quality Measures.

Please answer all questions on 8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

### **3. SECTION A: EXECUTIVE SUMMARY**

#### **A. Overview**

**Please provide an overview not to exceed three pages in total explaining each numbered point.**

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;**

Mid-South Imaging and Therapeutics, P.A. (“MSIT”) seeks authorization for the establishment of an Outpatient Diagnostic Center (ODC), the addition of an MRI unit to the proposed service area, and the initiation of MRI services. The proposed ODC, Mid-South Imaging Center (“MSIC”), will offer MRI, CT, Ultrasound, and X-ray, including Fluoroscopy. It will be in a newly constructed one story building consisting of approximately 15,000 square feet located on a currently unaddressed site on the east side of Exeter Road, beginning approximately 250 feet south of its intersection with Oil Well Road in Jackson, Madison County.

For over forty-five years, MSIT has provided sub-specialized diagnostic and interventional radiology care to the patients in western Tennessee, eastern Arkansas, and northern Mississippi region. The practice’s focus is to provide sub-specialized radiology care to the patients and communities it serves. MSIT believes that a sub-specialized approach to radiology delivers the best care to patients, with the mission of having the most qualified and best-suited radiologist interpret the appropriate imaging study. This mission translates operationally into board-certified, fellowship trained radiologist interpreting patient’s exams.

The diagnostic and interventional radiologists affiliated with MSIT’s fields of expertise include pediatric radiology, neuro-radiology, musculoskeletal radiology, cardio-pulmonary radiology, nuclear medicine, and women’s imaging as well as neuro and peripheral interventional radiology. MSIT’s belief that a sub-specialized approach to radiology delivers the best care is reinforced through its long standing work with over ten hospitals, forty physician practices, and two imaging centers in the west Tennessee, eastern Arkansas, and northern Mississippi region it serves.

The proposed MSIC will bring MSIT’s sub-specialized radiology services to the 8 county service area. The lack of having this expertise available locally forces many patients needing this higher level of expertise to travel to Shelby County to receive care. It will also represent the only free-standing, separately licensed ODC in the 8 county service area, as of the date of filing.

- 2) Ownership structure;**

MSIC will be owned and operated by Mid-South Imaging and Therapeutics, P.A. Mid-South Imaging and Therapeutics, P.A. is a Tennessee Professional Association and its shareholders are all licensed physicians.



**3) Service area;**

The 8 county proposed service area (PSA) consists of the home county of Madison, 6 contiguous counties (Chester, Crockett, Gibson, Hardeman, Haywood, and Henderson Counties) and Weakley County.

**4) Existing similar service providers;**

As of the date of filing this application, there are no licensed ODCs operating in the PSA. It is the applicants understanding that Sports Orthopedics and Spine was granted a CON for an ODC in 2000, but it is not currently licensed as such by the Tennessee Department of Health, although an application may be pending.

There are 12 MRI units operating in the PSA. Of these, 7.6 FTE units are in hospitals or hospital-based facilities, and 4.4 FTE units are in physician offices, (including the Sports Orthopedics and Spine MRI in this count).

**5) Project cost;**

The total estimated project cost not including the filing fee is \$8,630,905. The largest cost component is land acquisition and building construction of approximately \$4,678,789. The next largest cost is imaging equipment in the total amount of approximately \$2,885,207. All of these costs are commercially reasonable in amount.

**6) Funding;**

Funding is available through commercial loans, as verified in response to a subsequent question in this application.

**7) Financial Feasibility including when the proposal will realize a positive financial margin; and**

The project is financially feasible. MSIC is projected to experience a small negative net income in Year 1, but will be profitable in Year 2 and thereafter. Even in Year 1 it is projected to have a positive EBITDA and cash flow. Operating losses in Year 1 can be covered if necessary by the assets of MSIT, which also has a \$1 million line of credit available to it.

**8) Staffing.**

The center will initially be staffed by 5 FTE patient care employees and 5 non-patient care employees. The patient care positions are imaging technologists, and there is no shortage of such positions in the market. The radiological reads and studies will be performed by radiologists of Mid-South Imaging and Therapeutics, P.A.

**B. Rationale for Approval**

**A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the**

**data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:**

**1) Need;**

There is a need in the PSA for a free-standing outpatient diagnostic center that is not hospital-affiliated. There is currently no such licensed facility in the 8 county service area. The existing providers of MRI and other imaging services are all hospital based, or are ancillary to physician practices. The physician-office based MRIs and imaging services are not generally available to patients needing such services who are not patients of the host physician practice.

MSIT was initially approached in February of 2018 by the leadership of then-Tennova Regional Hospital in Jackson and requested to bring an imaging center with MSIT's sub-specialized approach of radiology care to Madison County and surrounding communities and to meet the needs of community physicians for MRI and other imaging options. However, before much progress could be made, the Tennova Regional Hospital along with two sister facilities were purchased by the West Tennessee Healthcare organization ("WTHC", f/k/a Jackson-Madison County General Hospital), thus ending the talks with MSIT to develop the imaging center facility.

Despite conversations with Tennova Regional Hospital ending due the hospital's acquisition by WTHC, MSIT strongly believes its services and model of healthcare delivery will be a benefit to the region, and after speaking with a number of key physicians and community stakeholders, the physicians of Mid-South Imaging & Therapeutics, P.A. remain committed to bring its model of radiology care to Madison County and the surrounding area.

The patients of Madison County and the surrounding counties have a very limited choice of imaging service providers. The non-hospital based MRI services are, by law, primarily limited to the patients of the particular physician practice which operates the imaging service. The imaging services at the hospital-based providers are all now operated by a single health system – WTHC. Historically, the narrower the service provider range, the more expensive healthcare becomes for the patients. Patients deserve choice, and MSIT proposes to provide them with greater choice and the highest degree of sub-specialized care with the proposed Mid-South Imaging Center.

The existing MRI units in the PSA are well utilized, and as a whole are operating at an average utilization of 2,360 scans per unit, or 82% of the CON threshold of 2880 scans per unit. While there is theoretically some capacity in the market, that existing capacity is not readily available to those who are not patients of the host physician practices, or it is available only in hospital-based units that have significantly higher charges.

The proposed Mid-South Imaging Center will be a licensed free-standing ODC that will offer MRI, CT, Ultrasound, and X-ray, including Fluoroscopy. It will be available and open to referrals of patients from all area physicians. In addition, because MSIT is a sub-specialized radiology group, it has the ability to provide specialized radiological studies and reads for patients who need them.

Because MSIC will be free-standing and separately licensed, it can have a lower charge structure than hospital-based MRI services. As reflected in the Economic Feasibility section of this application, the proposed average MRI charge per scan of MSIC is lower

than the 2017 average MRI charge of existing providers, and significantly lower than the average charges of Hospital based MRI services. Especially for patients with high deductible health plans, the lower charge structure can result in lower out of pocket charges that must be borne by the patient.

## **2) Economic Feasibility;**

The project is economically feasible. The total estimated project cost not including the filing fee is \$8,630,905. The largest cost component is land acquisition and building construction of approximately \$4,678,789. The next largest cost is imaging equipment in the total amount of approximately \$2,885,207. All of these costs are commercially reasonable in amount.

Financing for the out of pockets costs is available through commercial loans. Funding for the land and construction costs is expected to be provided by Financial Federal, and funding for the equipment and some working capital is expected to be provided by SunTrust.

The project is financially feasible. MSIC is projected to experience a small negative net income in Year 1, but will be profitable in Year 2 and thereafter. Even in Year 1 it is projected to have a positive EBITDA and cash flow. Operating losses in Year 1 can be covered if necessary by the assets of MSIT, which also has a \$1 million line of credit available to it.

Verification of funding is provided in the appropriate section of this application.

## **3) Appropriate Quality Standards; and**

MSIC will be licensed by the Tennessee Board for Licensing Health Care Facilities as an Outpatient Diagnostic Center, and will be accredited by the American College of Radiology (ACR). MSIC will meet or exceed all licensing and accreditation standards for quality of care.

## **4) Orderly Development to adequate and effective health care.**

The establishment of this ODC by MSIT constitutes the orderly development of health care in order to meet the need for a free-standing ODC in the PSA as discussed above in the Need section in paragraph (1), above.

MSIT already has a strong presence in the PSA market. It provides the radiological reads for Baptist Memorial Hospital - Huntingdon in Carroll County, and formerly did so for McKenzie Regional Hospital. Although MSIT currently does not have an office location in the PSA, it serves a substantial number of PSA residents who currently travel to Memphis and Shelby County for imaging services. MSIT holds a 5% interest in The Imaging Center at Wolf River, referred to hereinafter as "WRIC," and is the exclusive provider of professional radiology services for that ODC. In addition, MSIT serves other outpatients sites as the exclusive provider of professional services in the Memphis MSA.

In the years 2016-2018, an average of 6,220 patients have travelled from the PSA to Shelby County to receive imaging services at MSIT affiliated sites. Imaging services provided to these PSA residents include MRI, CT, Ultrasound, and X-ray, including Fluoroscopy; these are the same imaging services that will be offered by MSIT at the

proposed MSIC in Jackson. A table reflecting the volume and growth of the imaging procedures performed at MSIT affiliated sites in Shelby County on PSA residents in 2016-2018 is attached as Attachment Section A, Executive Summary, B, (4).

The proposed MSIC will bring the MSIT imaging and radiology services to the PSA of the patients' residency, dramatically reducing travel time, lost time from work, and costs.

**C. Consent Calendar Justification**

**If Consent Calendar is requested, please provide the rationale for an expedited review.**

**A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.**

N/A. Consent Calendar consideration not requested.

#### 4. SECTION A: PROJECT DETAILS

##### A. Owner of the Facility, Agency or Institution

Mid-South Imaging and Therapeutics, P.A.		901-473-6406
Name		Phone Number
7600 Wolf River Blvd., Suite 200		Shelby
Street or Route		County
Germantown	TN	38138
City	State	Zip Code

##### B. Type of Ownership of Control (Check One)

- |                                 |          |                               |       |
|---------------------------------|----------|-------------------------------|-------|
| A. Sole Proprietorship          | _____    | F. Government (State of TN or | _____ |
| B. Partnership                  | _____    | Political Subdivision)        | _____ |
| C. Limited Partnership          | _____    | G. Joint Venture              | _____ |
| D. Corporation (For Profit)     | <u>X</u> | H. Limited Liability Company  | _____ |
| E. Corporation (Not-for-Profit) | _____    | I. Other (Specify)_____       | _____ |

**Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. Attachment Section A-4A.**

**Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.**

The proposed ODC will be directly owned and managed by Mid-South Imaging and Therapeutics, P.A. Copies of the organizational documents and an ownership chart are attached as Attachment Section A, 4 B.

**5. Name of Management/Operating Entity (If Applicable)**

N/A

Name \_\_\_\_\_

Street or Route \_\_\_\_\_

County \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip Code \_\_\_\_\_

Website address: \_\_\_\_\_

***For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Attachment Section A-5.***

**6A. Legal Interest in the Site of the Institution (Check One)**

A. Ownership \_\_\_\_\_

D. Option to Lease \_\_\_\_\_

X

B. Option to Purchase \_\_\_\_\_

E. Other (Specify) \_\_\_\_\_

C. Lease of \_\_\_\_\_ Years \_\_\_\_\_

***Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.***

The land and building will be owned by, and the building will be constructed by, Cypress Realty Holdings Company, III, LLC ("Cypress Realty") or an affiliate thereof. MSIT will enter into a long term lease for the building for MSIC. The parties expect that in the future, a separate entity will be formed to own and lease the building, which will consist of a joint venture ("JV") between Cyrus Realty and MSIT, with MSIT holding a minority interest. However, whether or not this JV entity is formed and is the ultimate owner/lessor of the building, MSIT has a legally enforceable right to the premises as the lessee.

Attached as Attachment Section A, 6 A are: (1) a copy of the deed vesting ownership in M & M Valley Investments, LP; (1) an Option to Purchase Real Estate running from M & M Valley Investments, LP to Cypress Realty Holdings Company, III, LLC (which is assignable to an affiliated entity); and (2) an Option to Lease from Cypress Realty Holdings Company, III, LLC (which is assignable to an affiliate) to MSIT.

**6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and**

need not be drawn to scale.

**1) Plot Plan must include:**

- a. Size of site (*in acres*);**
- b. Location of structure on the site;**
- c. Location of the proposed construction/renovation; and**
- d. Names of streets, roads or highway that cross or border the site.**

A plot plan is attached as Attachment Section A, 6 B 1.

**2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 ½ by 11 sheet of paper or as many as necessary to illustrate the floor plan.**

A floor plan is attached as Attachment Section A, 6 B 2.

**3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.**

Public transportation is available to patients to access services at the proposed Mid-South Imaging Center location via the Jackson Transit Authority's North Side bus route or through the Jackson Transit Authority's LIFT program. The nearest bus stop to the proposed Mid-South Imaging Center location is located at the intersection of Oil Well Road and Stonebrook Place, which is approximately 0.3 miles from the proposed Mid-South Imaging Center location.

**7. Type of Institution (Check as appropriate--more than one response may apply)**

- |                                                                              |                                                                                  |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| A. Hospital (Specify) _____                                                  | H. Nursing Home _____                                                            |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____        | I. Outpatient Diagnostic Center <u>X</u>                                         |
| C. ASTC, Single Specialty _____                                              | J. Rehabilitation Facility _____                                                 |
| D. Home Health Agency _____                                                  | K. Residential Hospice _____                                                     |
| E. Hospice _____                                                             | L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____ |
| F. Mental Health Hospital _____                                              | M. Other (Specify) _____                                                         |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____ |                                                                                  |

**8. Purpose of Review (Check appropriate -- more than one response may apply)**

- |                                                                                                                 |                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A. New Institution <u>X</u>                                                                                     | F. Change in Bed Complement _____<br>[Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] |
| B. Modifying an ASTC with limitation still required per CON _____                                               |                                                                                                                                                                                      |
| C. Addition of MRI Unit <u>X</u>                                                                                | G. Satellite Emergency Dept. _____                                                                                                                                                   |
| D. Pediatric MRI _____                                                                                          | H. Change of Location _____                                                                                                                                                          |
| E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify) <u>MRI services</u> <u>X</u> | I. Other (Specify) _____                                                                                                                                                             |

**9. Medicaid/TennCare, Medicare Participation**

**MCO Contracts [Check all that apply]**

X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

Medicare Provider Number 3373325 (TN)

Medicaid Provider Number 3373325 (TN)

Certification Type Group Practice

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare X Yes \_\_\_ No \_\_\_ N/A      Medicaid/TennCare X Yes \_\_\_ No \_\_\_ N/A



**10. Bed Complement Data** N/A

**A. Please indicate current and proposed distribution and certification of facility beds.**

	<i>Current Licensed</i>	<i>Beds Staffed</i>	<i>Beds Proposed</i>	<i>*Beds Approved</i>	<i>**Beds Exempted</i>	<i><u>TOTAL</u> <u>Beds at</u> <u>Completion</u></i>
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
<b>TOTAL</b>						

*\*Beds approved but not yet in service*

*\*\*Beds exempted under 10% per 3 year provision*

**B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. Attachment Section A-10.**

**C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.**

N/A

**11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: N/A**

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Mauzy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

12. Square Footage and Cost Per Square Footage Chart							
Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
MR Suite #1						450	450
MR Suite #2						450	450
MR Control Room						228	228
MR Ancillary Equipment Room #1						216	216
MR Ancillary Equipment Room #2						216	216
CT Suite						414	414
CT Suite suitable for IR						400	400
CT Control Room						120	120
Ultrasound Room (Routine)						169	169
Ultrasound Room (Women's Imaging) #1						169	169
Ultrasound Room (Women's Imaging) #2						169	169
Fluoro / C-Arm Room						400	400
Plain Film Room						195	195
Mammogram Room #1						225	225
Mammogram Room #2 / Stereotatic Biopsy Rom						289	289
Mammogram Room #3						225	225
IR Clinic Room #1						100	100
IR Clinic Room #2						100	100
Diagnostic Reading Room #1						121	121
Diagnostic Reading Room #2						121	121
Women's Imaging Reading Room						121	121
Main Waiting Room						2800	2800
Waiting Room (Women's Imaging)						1200	1200
Sub-Waiting Room (Routine)						300	300
Sub-Waiting Room (Women's Imaging)						375	375
Injection Room						100	100
Drug Storage						36	36
Fluoro Room Restroom						64	64
Ultrasound Restroom						64	64
Dressing Room Restroom (Routine) 4 @ 36 sf						144	144
Dressing Room Restroom (Women's Imaging) 3 @ 36 sf						108	108
Handicap Dressing Rooms #1						49	49
Handicap Dressing Rooms (Women's Imaging) #1						49	49
Reception						300	300
Admit / Discharge						300	300
Business Office						225	225
Administrator Office						196	196
Marketing Office						120	120
Auxiliary Office						120	120
Conference Room						225	225
Break Room						300	300
Staff Restroom						64	64
Janitorial						20	20
Electrical						80	80
General Storage						105	105
General Use Restrooms						400	400
Soiled Linens						60	60
Clean Linens						60	60
<b>Sub-Total</b>						12,762	12,762
Circulation Factor						1.1754	1.1754
<b>Total</b>						15,000	15,000
Unit / Department GSF Sub-Total							
Other GSF Total							
Total GSF							
* Total Cost							\$ 3,895,987.00
** Cost Per Square Foot							\$ 259.72
Cost per Square Foot is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on <a href="http://www.tn.gov/hstda">www.tn.gov/hstda</a> )  <b>According to the HSDA website, in regard to ODCs: "Due to insufficient sample size, Construction ranges are not available."</b>					Below 1st Quartile	Below 1st Quartile	Below 1st Quartile
					Between 1st & 2nd Quartile	Between 1st & 2nd Quartile	Between 1st & 2nd Quartile
					Between 2nd & 3rd Quartile	Between 2nd & 3rd Quartile	Between 2nd & 3rd Quartile
					Above 3rd Quartile	Above 3rd Quartile	Above 3rd Quartile

The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart

\*\*Cost Per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

### 13. MRI, PET, and/or Linear Accelerator

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or

The applicant proposes to purchase a new 1.5 Tesla traditional full bore MRI unit. Details of the MRI unit are in the chart in 13, A below.

2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

#### A. Complete the chart below for acquired equipment.

<input type="checkbox"/> Linear Accelerator	Mev _____	Types: <input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____
	Total Cost*: _____	<input type="checkbox"/> By Purchase
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs) _____
<input checked="" type="checkbox"/> MRI	Tesla: <u>1.5</u>	Magnet: <input type="checkbox"/> Breast <input type="checkbox"/> Extremity <input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input checked="" type="checkbox"/> Other <u>Full body</u>
	Total Cost*: <u>\$1,741,404</u>	<input checked="" type="checkbox"/> By Purchase
<input checked="" type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease Expected Useful Life (yrs) <u>5</u>
		<input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT <input type="checkbox"/> PET/MRI	<input type="checkbox"/> By Purchase
	Total Cost*: _____	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs) _____

\* As defined by Agency Rule 0720-9-.01(13). The price stated above includes a maintenance contract covering 4 years.

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

A quote from GE Healthcare is attached as Attachment Section A, 13, B. Also included in the referenced attachment is a quote for the maintenance agreement on the MRI.

- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

N/A. The MRI unit will be purchased.

- D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
<b>Fixed Site (<i>Applicant</i>)</b>	Monday- Friday	8:00 AM – 5:00 PM
Mid-South Imaging Center		

**E. Identify the clinical applications to be provided that apply to the project.**

The MRI unit at MSIC will perform MRI imaging on full body, upper and lower body, and extremities, both with and without contrast. MSIC will also provide CT, Ultrasound, and X-Ray, including Fluoroscopy.

**F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.**

The type of MRI unit to be purchased and utilized was approved by the FDA longer than 5 years ago. However, a copy of a “substantial equivalence” letter from the FDA issued within the past 5 years is attached as Attachment Section A, 13, F.

## **SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with T.C.A. § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care.” Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. *If a question does not apply to your project, indicate “Not Applicable (NA).”*

### **QUESTIONS**

#### **SECTION B: NEED**

- A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency’s website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

#### **CON CRITERIA AND STANDARDS FOR ODC – SHP**

1. The need for outpatient diagnostic services shall be determined on a county by county basis (with data presented for contiguous counties for comparative purposes) and should be projected four years into the future using available population figures.

The proposed service area includes the home county of Madison, 6 counties contiguous thereto, and Weakley County. The projections in this application use a 4 year planning horizon

2. Approval of additional outpatient diagnostic services will be made only when it is demonstrated that existing services in the applicant’s geographical service area are not adequate and/or there are special circumstances that require additional services.

As demonstrated throughout the “need” and “orderly development” sections of this application, there are special circumstances which render the existing services inadequate to provide the highest level of sub-specialized imaging and radiology services, and meaningful patient choice as to the most efficient and economical provider of imaging services.

3. Any special needs and circumstances:

- a. The needs of both medical and outpatient diagnostic facilities and services must be analyzed.

Only diagnostic imaging services are to be provided at Mid-South Imaging Center. The need for an ODC is demonstrated by the fact there are no currently licensed ODCs in the PSA. Even if

Sports Orthopedics and Spine is ultimately licensed as an ODC, there will still be a need for an additional ODC that is generally available to a wide spectrum of physician practices and specialties in the area. Furthermore, the sub-specialized radiology services available at MSIC through MSIT will provide a higher level of expertise than is currently available.

The need for additional MRI services is addressed in response to the "CON Criteria for MRI Services – SHP" section below.

**b. Other special needs and circumstances, which might be pertinent, must be analyzed.**

The patients of Madison County and the surrounding counties have a very limited choice of imaging service providers. All of the non-hospital based MRI providers are operated by physician practices and the imaging services are, by law, limited primarily to the particular physician practice's patients. As to hospital-based MRI providers, all such services are owned and operated by the same health system, which now, following its acquisition of the former Tennova Regional Hospital and two sister facilities, is the only hospital in the region. Historically, the narrower the service provider range, the more expensive healthcare becomes for the patients. Patients deserve choice, and MSIT proposes to provide them with greater choice and the highest degree of sub-specialized care with the proposed Mid-South Imaging Center.

The existing MRI units in the PSA are well utilized, and as a whole are operating at an average rate of 2,360 scans per unit, or 82% of the CON threshold of 2,880 scans per unit. While there is theoretically some capacity in the market, that existing capacity is not readily available to those who are not patients of the host physician practices, or it is available only in hospital-based units that have significantly higher charges.

Detailed utilization data for all MRI units in the PSA for the years 2015-2017 is attached as Attachment Section B, Need, CON Criteria (1).

MSIT already has a strong presence in the PSA market. It provides the radiological reads for Baptist Memorial Hospital - Huntingdon in Carroll County, and formerly did so for McKenzie Regional Hospital. Although MSIT currently does not have an office location in the PSA, it serves a substantial number of PSA residents who currently travel to Memphis and Shelby County for imaging services. MSIT holds a 5% interest in The Imaging Center at Wolf River, referred to hereinafter as "WRIC," and is the exclusive provider of professional radiology services for that ODC. In addition, MSIT serves other outpatient sites as the exclusive provider of professional services in the Memphis MSA.

In the years 2016-2018, an average of 6,220 patients have travelled from the PSA to Shelby County to receive imaging services at MSIT affiliated sites. Imaging services provided to these PSA residents include MRI, CT, Ultrasound, and X-ray with Fluoroscopy; these are the same imaging services that will be offered by MSIT at the proposed MSIC in Jackson. A table reflecting the volume and growth of the imaging procedures performed at MSIT affiliated sites in Shelby County on PSA residents in 2016-2018 is attached as Attachment Section A, Executive Summary, B, (4).

The proposed MSIC will bring the MSIT imaging and radiology services to the PSA of the patients' residency, dramatically reducing travel time, lost time from work, and expenses.

**c. The applicant must provide evidence that the proposed diagnostic outpatient services will meet the needs of the potential clientele to be served.**

**1. The applicant must demonstrate how emergencies within the outpatient diagnostic facility will be managed in conformity with accepted medical practice.**

A draft emergency protocol is attached as Attachment Section B, Need, CON Criteria (2).

- 2. The applicant must establish protocols that will assure that all clinical procedures performed are medically necessary and will not unnecessarily duplicate other services.**

The proposed Mid-South Imaging Center will ensure medical necessity by several means. First, all imaging services must be referred to the proposed MSIC from a physician that is not affiliated with Mid-South Imaging & Therapeutics, P.A. As MSIT is a radiology group practice, the physicians within the group do not order imaging exams outside of interventional radiology. The imaging orders will be reviewed by an MSIT radiologist for medical appropriateness. If another study is better suited for diagnosing the patient, the MSIT radiologist will contact the ordering clinician to adjust the order for the appropriate exam. Furthermore, most advanced imaging studies require a pre-authorization by the patient's health insurance provider, and the pre-authorization process will be a further check system to ensure medical necessity and prevent duplicative services.

### **CON CRITERIA FOR MRI SERVICES – SHP**

#### **1. Utilization Standards for Non-Specialty MRI Units.**

**a. An a applicant proposing a new non-Specialty stationary MRI service should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.**

The applicant projects 2,384 MRI scans in Year 1 and 2,980 MRI scans in Year 2.

**b. Providers proposing a new non-Specialty mobile MRI service should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.**

N/A; this is not a mobile MRI service.

**c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.**

N/A.

**d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's Service Area are not adequate and/or that there are special circumstances that require these additional services.**

N/A; this is not a mobile MRI service.



e. **Hybrid MRI Units.** The HSDA may evaluate a CON application for an MRI "hybrid " Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emission tomography unit) based on the primary purposes of the Unit.

N/A; this is not a "hybrid" MRI service.

**2. Access to MRI Units.** All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

The services of MSIC will be accessible to 100% of patients in the service area who are referred by a physician and who meet medical necessity protocols. Another consideration affecting accessibility is whether or not MSIC is in the patients' health plan network (subject to the patients' choice as to payment options). It is not possible to quantify what percentage of residents of the service area meet these "accessibility" considerations.

The proposed site has excellent geographic accessibility. Madison County is located in the center of the PSA, with other service areas counties being contiguous to Madison County. With no definition of "accessible" it is not possible to quantify the percentage of the population to which the facility is geographically accessible.

**3. Economic Efficiencies.** All applicants for any proposed new MRI Unit should document that alternative shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

No such options were identified. The proposed MSIC is an economically feasible and efficient model for bringing needed MRI and other imaging services to the PSA. The services will be accessible to all patients in the area who are in need of such services, and to the referring community physicians.

Maintaining the status quo would result in continued limited access to needed services, and higher than necessary charges for such services.

**4. Need Standards for non-Specialty MRI Units.**

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

**Stationary MRI Units:** 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year= 3,600 procedures per year

**Mobile MRI Units:** Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

There are 12 MRI units operating in the PSA. Of these, 7.6 FTE units are in hospitals or hospital-based facilities, and 4.4 FTE units are in physician offices.

The existing MRI units in the PSA are well utilized, and as a whole are operating at an average of 2,360 scans per unit, which is 82% of the CON threshold of 2,880 scans per unit. While there is theoretically some capacity in the market, that existing capacity is not readily available to those who are not patients of the host physician practices, or it is available only in hospital-based units that have significantly higher charges.

In 2017 MRI utilization was higher in non-hospital based settings (2,690 scans per unit) than in hospital-based settings (2,169 scans per unit). This is perhaps due in part to the higher average charges for MRIs in hospital settings. The average utilization of 2,690 scans per unit in non-hospital based provider is 93.4% of the CON threshold of 2,880 scans per unit. Since MSIC will be a non-hospital based MRI provider, this is the most relevant utilization rate to consider.

A table showing detailed MRI utilization data in the PSA is attached as Attachment Section B, Need, CON Criteria (1)

There is considerable out-migration from the PSA for MRI services. In 2017 the out-migration rate was approximately 21%, representing 3,930 patients who left the PSA for MRI services. Some or most of this would be re-captured locally by MSIC, which would increase the number of scans in the PSA.

**5. Need Standards for Specialty MRI Units.**

N/A. This is not a specialty unit.

**6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units.** If data availability permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

To the applicant's knowledge there are no Specialty MRI units operating in the PSA.

**7. Patient Safety and Quality of Care.** The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

**a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.**

The 1.5 Tesla MRI has been FDA approved for many years.

**b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.**

As verified by the letter from the project general contractor, the building will meet applicable building codes and standards for an imaging center with MRI.

- c. **The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.**

A draft emergency protocol is attached as Attachment Section B, Need, CON Criteria (2).

- d. **The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.**

The proposed Mid-South Imaging Center will ensure medical necessity through several systems. First, all imaging services must be referred to the proposed MSIC from a physician that is not affiliated with Mid-South Imaging & Therapeutics, P.A. As MSIT is a radiology group practice, the physicians within the group do not order imaging exams outside of interventional radiology. The imaging orders will be reviewed by an MSIT radiologist for medical appropriateness. If another study is better suited for diagnosing the patient, the MSIT radiologist will contact the ordering clinician to adjust the order for the appropriate exam. Furthermore, most advanced imaging studies require a pre-authorization by the patient's health insurance provider, and the pre-authorization process will be a further check system to ensure medical necessity and prevent duplicative services.

- e. **An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, including staff education and training programs.**

The applicant will meet or exceed staffing levels required or recommended by the American College of Radiology. The specific estimated staffing levels are reported in the Orderly Development section of this application.

- f. **All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.**

The applicant will seek and expects to receive accreditation from the American College of Radiology ("ACR") within two years of licensure, if not before.

- g. **All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.**

MSIT will seek a transfer agreement with West Tennessee Healthcare, which now owns both hospitals in Madison County. The imaging procedures to be performed at MSIC are very low risk. In the event of an emergency at MSIC calling for hospital emergency care, the patient would be transported to the closest ER, and a medical exam and stabilization by the hospital would be required under federal law whether or not a transfer agreement were in place.

8. **The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.**

The applicant will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

According to the HRSA website all of the counties in the PSA are classified as Medically Underserved Areas in their entirety, except for Madison County. A portion of Madison County is designated as a Medically Underserved Area.

Source: <https://datawarehouse.hrsa.gov/tools/analyzers/MuaFind.aspx>.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

N/A.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

The applicant intends to contract with at least one TennCare MCO, and to participate in the Medicare program.

- d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g., pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

N/A.

#### **[END OF RESPONSES TO CRITERIA AND STANDARDS IN SHP]**

- B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

MSIT has no long-range development plans involving CON-covered service or facilities beyond this proposed ODC at this time. MSIT has no previously approved CONs.

- C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states if applicable. Attachment Section B - Need-3.

The 8 county proposed service area (PSA) consists of the home county of Madison, 6 contiguous counties (Chester, Crockett, Gibson, Hardeman, Haywood, and Henderson Counties) and Weakley County.

These counties constitute a reasonable service area in terms of geographic location and accessibility, and because there is a number of physicians in those counties who have indicated they would likely refer patients to the proposed MSIC.

**Please complete the following tables, if applicable:**

This is a proposed new facility, so there is no historical county resident utilization data.

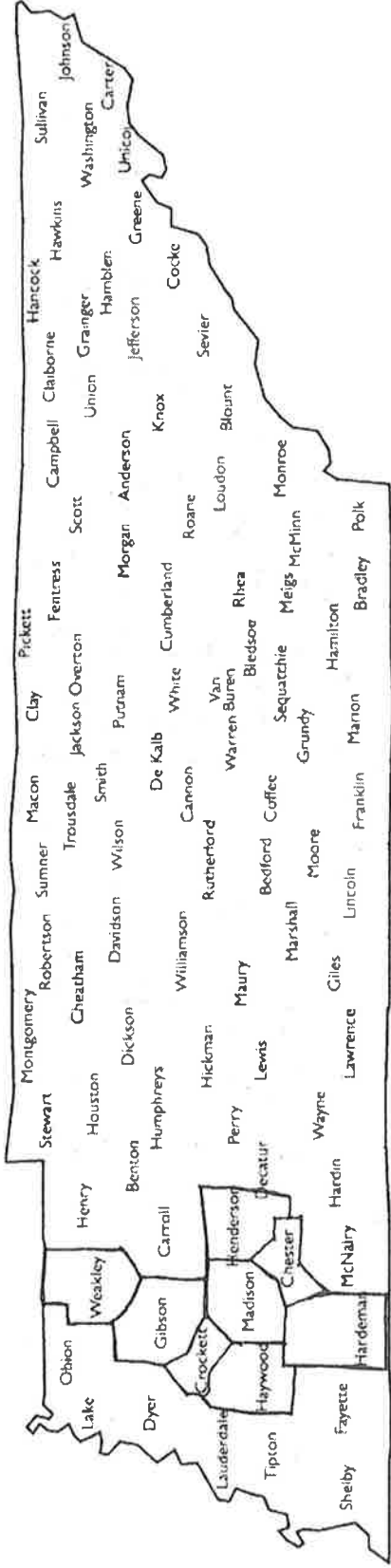
<b>Service Area Counties</b>	<b>Historical Utilization-County Residents</b> (N/A)	<b>% of total procedures</b>
<b>County #1</b>		
<b>County #2</b>		
<b>Etc.</b>		
<b>Total</b>		

Year 1 projected (total procedures):

<b>Service Area Counties</b>	<b>Projected Utilization-County Resident Procedures</b>	<b>% of total procedures</b>
Chester	226.9	2%
Crockett	226.9	2%
Gibson	2042.1	18%
Hardeman	226.9	2%
Haywood	226.9	2%
Henderson	226.9	2%
Madison	7941.5	70%
Weakley	226.9	2%
<b>Total</b>	<b>11,345</b>	<b>100%</b>

A map of the proposed service area is on the following page.

**Mid South Imaging Center**  
Service Area by County



D) 1) a) Describe the demographics of the population to be served by the proposal.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

*\* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.*

A table with the requested data and information is attached as Attachment Section B, Need, D, 1. In that table, the Target Population is ages 18+. Although MSIC will provide services to some patients under the age of 18, most of its patients will be 18+. The Target Population data is included for purposes of comparison.

2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The data in the table referenced in the immediately preceding response reflects the following: The PSA has slightly lower projected population growth than the state as a whole. However, in the PSA the 18+ population is projected to grow at a rate almost twice that of the overall population in the PSA. The median age in the PSA is older (39.1 years) than that of the state as a whole (38.4 years). The PSA has significantly lower median household income (\$38,961) than the state as a whole (\$45,219). The TennCare enrollment rate of the PSA (24.8%) is higher than the state as a whole (23.1%).

MSIC will address these special needs in that it will participate in the Medicare and TennCare programs, and its charges will be lower than those of existing providers.

E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

As of the date of filing this application, there are no licensed ODCs operating in the PSA. It is the applicants understanding that Sports Orthopedics and Spine was granted a CON for an ODC in 2000, but it is not currently licensed as such by the Tennessee Department of Health, although an application may be pending.

There are 12 MRI units operating in the PSA. Of these, 7.6 FTE units are in hospitals or hospital-based facilities, and 4.4 FTE units are in physician offices. The existing MRI units in the PSA are well utilized, and as a whole are operating at an average of 2,360 scans per unit, which is 82% of the CON threshold of 2,880 scans per unit. While there is theoretically some capacity in the market, that existing capacity is not readily available to those who are not patients of the host physician practices, or it is available only in hospital-based units that have significantly higher charges.

In 2017 MRI utilization was higher in non-hospital based settings (2,690 scans per unit) than in hospital-based settings (2,169 scans per unit). This is perhaps due in part to the higher average charges for MRIs in hospital settings. The average utilization of 2,690 scans per unit in non-hospital based provider is 93.4% of the CON threshold of 2,880 scans per unit. Since MSIC will be a non-hospital based MRI provider, this is the most relevant utilization rate to consider.

Detailed utilization data for all MRI units in the PSA for the years 2015-2017 is attached as Attachment Section B, Need, CON Criteria (1).

There is considerable out-migration from the PSA for MRI services. In 2017 the out-migration rate was approximately 21%, representing 3,930 patients who left the PSA for MRI services. Some or most of this could be re-captured locally by MSIC, which would increase the number of scans in the PSA. If all of the out-migration were re-captured, the average utilization in 2017 would have been 2,688 scans per unit, or 93% of the CON threshold of 2,880 scans per unit. If only 75% of the out-migration were recaptured, the 2017 utilization would be 2,606 scans per unit, or 90% of the CON threshold. A table including out-migration data is attached as Attachment Section B, Need, E.

- F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.**

MSIC is a proposed new provider in the service area, so there is no historical utilization data.

The projected utilization of MSIC for the first two years is as follows:

<u>Year</u>	<u>MRI Scans</u>	<u>Total Procedures</u>
Year 1	2,384	11,345
Year 2	2,980	16,395

The methodology utilized to derive the projected utilization is summarized below.

MSIT procured and created a list of referring physician it reasonably believe will send imaging studies to this center from multiple sources, including the former Tennova Regional Medical center outpatient radiology department referring physician list, as well as physicians MSIT has spoken with and group practices MSIT currently provides professional radiology services to for other modalities. For example, MSIT currently works with the providers at Greenfield Family Practice and interprets all x-rays performed there. So MSIT has a general feel as to what they will send. Likewise, MSIT has spoken to providers at Physician's Quality Care and has a



reasonable idea what referrals MSIC can see from them. The information from these various sources went into compiling a list of expected referring providers to this center

MSIT then took the list of referring providers and applied its historic referring volume figures by specialty and applied it to the referring physician list MSIT created to develop a base line annual study volume. This is an algorithm type approach, and it assumes a normal flow of referrals, so some consideration for a startup center was taken into account and adjustments were made. MSIT then looked at its existing imaging center located in Germantown, TN, and reviewed the initial volumes and referring provider lists MSIT experienced in its first two full years of operations there, making minor adjustments for referring providers MSIT believes it will garner more or fewer studies by modality. After looking at this data, MSIT then compared all these figures, and although the algorithm showed that MSIT should expect higher volumes, MSIT believes ratcheting down the initial first year volumes to mirror the recent start-up experience at WRIC in Shelby County for volume and referral purposes is a conservative approach.

## **SECTION B: ECONOMIC FEASIBILITY**

**A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.**

**1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee).**

The filing fee is reflected on the Project Cost Chart.

**2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.**

The land and building will be owned by, and the building will be constructed by, Cypress Realty Holdings Company, III, LLC ("Cypress Realty") or an affiliate thereof. MSIT will enter into a long term lease for the building for MSIC. The parties expect that in the future, a separate entity will be formed to own and lease the building, which will consist of a joint venture between Cyrus Realty and MSIT, with MSIT holding a minority interest. However, whether or not this JV entity is formed and is the ultimate owner/lessor of the building, MSIT has a legally enforceable right to the premises as the lessee.

Although MSIT will lease the land and building, the calculated cost of that leasehold interest over the initial term of 10 years is slightly less than the cost to acquire the land and construct the building. For this reason the construction and related costs are reflected on the Project Cost Chart, in accordance with Agency Rules. The value of the leasehold interest for comparison purposes is reflected on the second page of the Project Cost Chart.

**3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.**

These equipment cost components are included in the relevant entries on the Project Cost Chart, as well as in Question Section A, 13, A of this application. A quote for the MRI unit and the maintenance agreement are attached as Attachment Section A, 13, B.

- 4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.**

The completed Square Footage and Cost per Square Foot Chart appears at the appropriate place in the application.

- 5) For projects that include new construction, modification, and/or renovation—documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:**

- a) A general description of the project;**
- b) An estimate of the cost to construct the project;**
- c) A description of the status of the site's suitability for the proposed project; and**
- d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.**

A letter from the project general contractor is attached as Attachment Section B, Economic Feasibility, A, 5.

[illegible]

A.

1. Architectural and Engineering Fees	\$61,500.00	
2. Legal, Administrative, Consultant Fees	\$68,500.00	
3. Acquisition of Site	\$757,802.00	
4. Preparation of Site	\$25,000.00	
5. Total Construction Costs	\$3,895,987.00	
6. Contingency Fund	\$109,749.00	
7. Fixed Equipment (Not included in Construction Contract)	\$1,263,004.00	MRI
	\$958,980.00	CT
	\$518,758.00	Radiography & Fluoroscopy
8. Moveable Equipment (List all equipment over \$50,000.00)	\$144,160.00	Ultrasound
9. Other (Specify) See Attachment	\$727,469.00	

B.

1. Facility (Inclusive of building and land) (See Attachment) \_\_\_\_\_
2. Building Only \_\_\_\_\_
3. Land Only \_\_\_\_\_
4. Equipment (Specify) \_\_\_\_\_
5. Other (Specify) \_\_\_\_\_

## C.

1. Interim Financing	\$25,000.00
2. Underwriting Costs	
3. Reserve for One Year's Debt Service	\$75,000.00
4. Other (Specify)	

D.	Estimated Project Cost (A+B+C)	<u>\$8,630,909.00</u>
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E.	CON Filing Fee	\$49,627.73
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F.	Total Estimated Project Cost (D + E)	<b>TOTAL</b>	<b>\$8,680,536.73</b>
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**A, 9 Other (Specify):**

MRI Maintenance Agreement (4 years)	\$478,400.00
Telephone / IT	\$48,000.00
FF&E	\$150,669.00
Office supplies	\$42,000.00
Linens and uniforms	\$6,000.00
Postage	\$2,400.00
Total	<u>\$727,469.00</u>

**B, 1 Cost of Leasehold Interest**

Rent (\$23 psf x 15,000 sf x 10 yrs.)	\$3,450,000.00
Tenant Build-out	<u>\$1,125,000.00</u>
Total	<u>\$4,575,000.00</u>

**B. Identify the funding sources for this project.**

**Check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding *MUST* be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-2.)**

- ☒ 1) **Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;**

Funding letters are attached as Attachment Section B, Economic Feasibility, B, 1. These letters represent (1) a loan for the financing of the land and construction from Financial Federal; (2) a loan for the equipment and working capital from SunTrust; and (3) a letter from SunTrust confirming MSIT has an existing \$1 million line of credit it can use as needed.

- ☐ 2) **Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;**
- ☐ 3) **General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;**
- ☐ 4) **Grants – Notification of intent form for grant application or notice of grant award;**
- ☐ 5) **Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or**
- ☐ 6) **Other – Identify and document funding from all other sources.**

**C. Complete Historical Data Charts on the following two pages—Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. Only complete one chart if it suffices.

***Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.***

This is a proposed new provider, and there is no historical financial data for the imaging center.

A Historical Data Chart for MSIT is attached following this page.

# HISTORICAL DATA CHART

    X     Total Facility  
Project Only

Give information for the last three (3) years for which complete data are available for the corporation. Calendar year since January 2017, prior fiscal year ended September. All information converted to calendar year for this chart.

	Year: 2015	Year: 2016	Year: 2017
A. Utilization/Occupancy Data: Imaging procedures	561,466	582,627	700,198
B. Revenue from Services to Patients			
1. Inpatient Services	\$ -	\$ -	\$ -
2. Outpatient Services	74,030,573	77,289,601	94,226,593
3. Emergency Services	-	-	-
4. Other Operating Revenue: Specify: Stipends	166,600	308,611	507,004
Medical directors' fees	-	125	5,531
Miscellaneous	39,214	7,475	53,035
<b>Gross Operating Revenue</b>	<u>74,236,387</u>	<u>77,605,812</u>	<u>94,792,163</u>
C. Deductions from Operating Revenue			
1. Contract Deductions	49,441,300	51,572,660	63,504,731
2. Provision for Charity Care	-	-	-
3. Provision for Bad Debt	1,990,920	2,405,208	2,789,005
<b>Total Deductions</b>	<u>51,432,220</u>	<u>53,977,868</u>	<u>66,293,736</u>
<b>NET OPERATING REVENUE</b>	<u>22,804,167</u>	<u>23,627,944</u>	<u>28,498,427</u>
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	465,037	388,601	509,434
b. Non-Patient Care	1,024,231	1,102,069	1,181,223
2. Physicians' Salaries and Wages	13,218,612	14,024,086	17,700,663
3. Supplies	70,483	79,971	75,807
4. Rent			
a. Paid to Affiliates	-	-	-
b. Paid to Non-Affiliates	181,641	324,190	354,739
5. Management Fees:			
a. Fees to Affiliates	-	-	-
b. Fees to Non-Affiliates	-	-	-
6. Other Operating Expenses	6,126,467	7,698,982	7,278,204
<b>Total Operating Expenses</b>	<u>21,086,471</u>	<u>23,617,899</u>	<u>27,100,070</u>
E. <b>Earnings Before Interest, Taxes, and Depreciation</b>	<u>1,717,696</u>	<u>10,045</u>	<u>1,398,357</u>
F. Non-Operating Expenses			
1. Taxes	575,591	644,285	791,924
2. Depreciation	560,980	453,267	162,125
3. Interest	7,020	4,740	(265)
4. Other Non-Operating Expenses	-	-	-
<b>Total Non-Operating Expenses</b>	<u>1,143,591</u>	<u>1,102,292</u>	<u>953,784</u>
<b>NET INCOME (LOSS)</b>	<u>574,105</u>	<u>(1,092,247)</u>	<u>444,573</u>
G. Other Deductions			
1. Annual Principal Debt Repayment	173,771	189,993	160,645
2. Annual Capital Expenditure	694,142	413,238	161,686
<b>Other Total Deductions</b>	<u>867,913</u>	<u>603,231</u>	<u>322,331</u>
<b>NET BALANCE</b>	<u>(293,808)</u>	<u>(1,695,478)</u>	<u>122,242</u>
<b>DEPRECIATION</b>	<u>560,980</u>	<u>453,267</u>	<u>162,125</u>
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	<u>267,172</u>	<u>(1,242,211)</u>	<u>284,367</u>

# **HISTORICAL DATA CHART -- OTHER EXPENSES**

**X**

**Total Facility  
Project Only**

<b>OTHER EXPENSE CATEGORY</b>		Year: 2015	Year: 2016	Year: 2017
1	Professional Services Contracts	-	-	-
2	Contract Labor	-	-	-
3	Imagng Interpretation Fees	-	-	-
4	Profit sharing plan contribution	1,829,793	2,147,885	1,817,797
5	Insurance	1,486,259	1,939,651	1,789,384
6	Billing and collections	1,395,156	1,450,977	1,740,231
7	Equipment	302,250	755,477	614,006
8	Telephone	168,188	188,941	214,073
9	Continuing education	347,496	419,639	468,315
10	Professional fees	190,193	167,065	150,282
11	Dues and subscriptions	96,973	92,956	137,417
12	Meals	108,700	122,168	126,703
13	Bank charges	57,899	61,771	68,250
14	Recruiting	29,750	20,745	54,231
15	Professional Services	79,737	278,889	37,050
16	Marketing	15,320	31,763	28,250
17	Donations and gifts	9,818	10,589	14,815
18	Uniforms	3,355	3,678	9,543
19	Postage	4,952	6,410	7,708
20	Miscellaneous	628	378	150
<b>TOTAL OTHER EXPENSES</b>		<b>\$ 6,126,467.00</b>	<b>\$ 7,698,982.00</b>	<b>\$ 7,278,204.38</b>

**D. Complete Projected Data Charts on the following two pages – Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. Only complete one chart if it suffices.

***Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.***

There are two Projected Data Charts on the following pages. One is for the entire facility, and one is for the MRI service only.



# PROJECTED DATA CHART

☒ Total Facility  
☐ Project Only

Give projected information for the first (2) years of operations of the facility. Projected to begin operations January 1, 2020. Corporation on calendar year basis.

	Year One	Year Two
A. Utilization/Occupancy Data: Imaging procedures	11,345	16,395
B. Revenue from Services to Patients		
1. Inpatient Services	\$ -	\$ -
2. Outpatient Services	11,168,164	14,872,736
3. Emergency Services	-	-
4. Other Operating Revenue: Specify: .	-	-
<b>Gross Operating Revenue</b>	<u>11,168,164</u>	<u>14,872,736</u>
C. Deductions from Operating Revenue		
1. Contract Deductions	7,817,715	10,410,915
2. Provision for Charity Care	33,505	44,618
3. Provision for Bad Debt	325,917	199,576
<b>Total Deductions</b>	<u>8,177,137</u>	<u>10,655,109</u>
<b>NET OPERATING REVENUE</b>	<u>2,991,027</u>	<u>4,217,627</u>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	310,360	427,079
b. Non-Patient Care	264,930	309,146
2. Physicians' Salaries and Wages	580,000	580,000
3. Supplies	120,000	120,000
4. Rent		
a. Paid to Affiliates	397,000	417,075
b. Paid to Non-Affiliates	-	-
5. Management Fees:		
a. Fees to Affiliates	-	-
b. Fees to Non-Affiliates	-	-
6. Other Operating Expenses	615,930	787,386
<b>Total Operating Expenses</b>	<u>2,288,220</u>	<u>2,640,686</u>
E. <b>Earnings Before Interest, Taxes, and Depreciation</b>	<u>702,807</u>	<u>1,576,941</u>
F. Non-Operating Expenses		
1. Taxes	44,560	57,022
2. Depreciation	640,978	640,978
3. Interest	154,834	119,290
4. Other Non-Operating Expenses	-	-
<b>Total Non-Operating Expenses</b>	<u>840,372</u>	<u>817,290</u>
<b>NET INCOME (LOSS)</b>	<u>(137,565)</u>	<u>759,651</u>
G. Other Deductions		
1. Annual Principal Debt Repayment	482,416	1,117,459
2. Annual Capital Expenditure	-	-
<b>Other Total Deductions</b>	<u>482,416</u>	<u>1,117,459</u>
<b>NET BALANCE</b>	<u>(619,981)</u>	<u>(357,808)</u>
<b>DEPRECIATION</b>	<u>640,978</u>	<u>640,978</u>
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	<u>20,997</u>	<u>283,170</u>

**PROJECTED DATA CHART -- OTHER EXPENSES**

☒ **Total Facility**  
☐ **Project Only**

<u><b>OTHER EXPENSE CATEGORY</b></u>	<u>Year: 2020</u>	<u>Year: 2021</u>
1 Professional Services Contracts	-	-
2 Contract Labor	-	-
3 Imagng Interpretation Fees	-	-
4 Profit sharing plan contribution	-	115,058
5 Insurance	299,200	380,800
6 Billing and collections	91,230	129,528
7 Equipment (IT)	9,500	15,500
## Professional fees	55,000	-
## Office expenses	136,000	140,000
## Marketing	25,000	6,500
	-	-
<b>TOTAL OTHER EXPENSES</b>	<b>\$ 615,930.00</b>	<b>\$ 787,386.00</b>

## PROJECTED DATA CHART (MRI Only)

\_\_\_\_\_ Total Facility

\_\_\_\_\_ X \_\_\_\_\_ Project Only

Give projected information for the first (2) years of operations of the facility. Projected to begin operations January 1, 2020. Corporation on calendar year basis.

	Year One	Year Two
A. Utilization/Occupancy Data: Imaging procedures	2,384	2,980
B. Revenue from Services to Patients		
1. Inpatient Services	\$ -	\$ -
2. Outpatient Services	3,382,340	4,227,925
3. Emergency Services	-	-
4. Other Operating Revenue: Specify: .	-	-
Gross Operating Revenue	3,382,340	4,227,925
C. Deductions from Operating Revenue		
1. Contract Deductions	2,367,638	2,959,547
2. Provision for Charity Care	10,147	12,684
3. Provision for Bad Debt	95,201	54,242
Total Deductions	2,472,986	3,026,473
NET OPERATING REVENUE	909,354	1,201,452
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	98,600	137,019
b. Non-Patient Care	139,040	144,321
2. Physicians' Salaries and Wages	145,000	232,000
3. Supplies	30,000	42,000
4. Rent		
a. Paid to Affiliates	62,000	64,170
b. Paid to Non-Affiliates	-	-
5. Management Fees:		
a. Fees to Affiliates	-	-
b. Fees to Non-Affiliates	-	-
6. Other Operating Expenses	307,281	306,977
Total Operating Expenses	781,921	926,487
E. Earnings Before Interest, Taxes, and Depreciation	127,433	274,965
F. Non-Operating Expenses		
1. Taxes	18,479	21,823
2. Depreciation	271,600	271,600
3. Interest	62,918	56,060
4. Other Non-Operating Expenses	-	-
Total Non-Operating Expenses	352,997	349,483
NET INCOME (LOSS)	(225,564)	(74,518)
G. Other Deductions		
1. Annual Principal Debt Repayment	267,313	278,204
2. Annual Capital Expenditure	-	-
Other Total Deductions	267,313	278,204
NET BALANCE	(492,877)	(352,722)
DEPRECIATION	271,600	271,600
FREE CASH FLOW (Net Balance + Depreciation)	(221,277)	(81,122)

PROJECTED DATA CHART -- OTHER EXPENSES

           Total Facility  
      X       Project Only

<u>OTHER EXPENSE CATEGORY</u>		<u>Year: 2020</u>	<u>Year: 2021</u>
1	Professional Services Contracts	-	-
2	Contract Labor	-	-
3	Imagng Interpretation Fees	-	-
4	Profit sharing plan contribution	-	47,528
5	Insurance	163,200	163,200
6	Billing and collections	28,781	39,043
7	Equipment (IT)	5,000 #	5,500
8	Professional fees	55,000	-
9	Office expenses	47,800	48,706
10	Marketing	7,500	3,000
		-	-
TOTAL OTHER EXPENSES		<u>\$ 307,281.00</u>	<u>\$ 306,977.00</u>

- E 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

Entire Facility:

	Previous Year	Current Year	Year One	Year Two	% Change (Year 1 to Year 2)
<b>Gross Charge (Gross Operating Revenue/Utilization Data)</b>	N/A	N/A	\$984.41	\$907.15	-7.8%
<b>Deduction from Revenue (Total Deductions/Utilization Data)</b>	N/A	N/A	\$720.77	\$649.89	-9.8%
<b>Average Net Charge (Net Operating Revenue/Utilization Data)</b>	N/A	N/A	\$263.64	\$257.25	-2.4%

MRI Only:

	Previous Year	Current Year	Year One	Year Two	% Change (Year 1 to Year 2)
<b>Gross Charge (Gross Operating Revenue/Utilization Data)</b>	N/A	N/A	\$1418.77	\$1418.77	0
<b>Deduction from Revenue (Total Deductions/Utilization Data)</b>	N/A	N/A	\$1037.33	\$1015.59	-2.1%
<b>Average Net Charge (Net Operating Revenue/Utilization Data)</b>	N/A	N/A	\$381.44	\$403.17	5.7%

- 2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

The average charges for the facility as a whole and for the MRI service are shown in the tables above. This is a proposed new service, so there are no current charges.

- 3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

The 2017 average gross charges of all area MRI providers are included in the table attached as Attachment Section B, Need, CON Criteria (1). Comparing the average gross MRI charge of the applicant as reflected above to other providers shows the following: (1) the applicant's average gross charge (\$1,418.77) is substantially lower than the average gross charge of all area hospital-based providers (\$4,052.06); (2) the applicant's average gross charge (\$1,418.77) is lower than the average gross charge of all areas providers

(\$2,018.69; (3) the applicant's average gross charge (\$1,418.77) is lower than the average gross charge of all area non-hospital based providers (\$1,575.99).

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment Section B-Economic Feasibility-6A. NOTE: Publicly held entities only need to reference their SEC filings.**

The project is financially feasible. MSIC is projected to experience a small negative net income in Year 1, but will be profitable in Year 2 and thereafter. Even in Year 1 it is projected to have a positive EBITDA and cash flow.

If and to the extent there were to be an actual operating loss in Year 1, MSIT has the operating income and other assets to maintain financial viability. MSIT also has an existing \$1 million line of credit, and has available to it an additional \$750,000 line of credit from SunTrust. A copy of unaudited financial statements for MSIT is attached as Attachment Section B, Economic Feasibility F, 2. MSIT has no audited financial statements.

- 2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).**

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

The following is based on the PDC for the entire facility:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A	N/A	N/A	.2350	.3739

- 3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: Long Term Debt/(Long Term Debt + Total Equity) x 100.**

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

MSIT has no long term debt.

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

**Applicant's Projected Payor Mix, Year 1 (Entire Facility)**

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$6,846,085	61.3%
TennCare/Medicaid	\$938,126	8.4%
Commercial/Other Managed Care	\$2,557,510	22.9%
Self-Pay	\$156,354	1.4%
Other (Specify) See Below		
Tricare/Champus/VA	\$301,540	2.7%
Workers' Compensation	\$290,372	2.6%
Employer Sponsored Programs	\$78,177	0.7%
Total	\$11,168,164	100%

H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
<b>A Direct Patient Care Positions</b>				
MRI Technologist	N/A	1	\$64,900	\$56,700
CT Technologist	N/A	1	\$64,900	\$56,700
US Technologist	N/A	1	\$64,900	\$62,500
X-ray Technologist	N/A	1	\$48,260	\$45,000
PRN Technologist (2 techs)	N/A	1	\$64,900	\$56,700
<b>Total Patient Care Positions</b>	N/A	5	\$61,572 (avg.)	\$55,520 (avg.)
<b>B Non-Patient Care Positions</b>				
Front desk - clerical	N/A	2	\$57,080	\$32,240

Pre-Cert clerk- clerical	N/A	1	\$33,200	\$32,240
Marketing rep	N/A	1	\$64,900	\$54,800
Administrator	N/A	1	\$100,000	\$85,000
<b>Total Non-Patient Care Positions</b>	N/A	5	\$63,795 (avg.)	\$51,070 (avg.)
<b>Total Employees (A+B)</b>	N/A	10	\$62,684 (avg.)	\$53,295 (avg.)
<b>C Contractual Staff</b>	N/A	N/A	N/A	N/A
<b>Total Staff (A+B+C)</b>	N/A	10	\$62,684 (avg.)	\$53,295 (avg.)

**I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:**

- 1) **Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.**

No more effective or efficient alternatives were identified. Maintaining the status quo would be less costly in the short term, but would result in higher health care costs in the long run.

- 2) **Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.**

There is no existing structure or space to modernize, and no sharing arrangements were seriously considered. Building a new structure specifically suited for an outpatient imaging center is the best option.

**SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.**

The applicant does not anticipate the need for contractual arrangements with other health care providers. Imaging services will be performed on site by technologists employed by MSIT and supervised by MSIT physicians

MSIC will have contractual arrangements with numerous health plans and third party payors, and will be certified and have participation agreements with Medicare and TennCare.

MSIT will seek a transfer agreement with West Tennessee Healthcare, which now owns both hospitals in Madison County. It should be noted that the imaging procedures to be performed at MSIC are very low risk, and pose little if any greater risk of a medical emergency than performing any normal daily task. In the unlikely event of an emergency at MSIC, the patient would be transported to the closest ER, and a medical exam and stabilization by the hospital would be required under federal law whether or not a transfer agreement were in place.

- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area.**



**Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

**1) Positive Effects**

The proposed MSIC will have a positive effect on competition. The patients of Madison County and the surrounding counties have a very limited choice of imaging service providers. All of the non-hospital based MRI providers are operated by physician practices and the imaging services are, by law, limited primarily to the particular physician practice's patients. As to hospital-based MRI providers, all such services are owned and operated by the same health system, which now, following its acquisition of the former Tennova Regional Hospital and two sister facilities, is the only hospital in the region. Historically, the narrower the service provider range, the more expensive healthcare becomes for the patients. Patients deserve choice, and MSIT proposes to provide them with greater choice and the highest degree of sub-specialized care with the proposed Mid-South Imaging Center.

The proposed MSIC will not be an unnecessary or harmful duplication of services. As of the date of filing this application, there are no licensed ODCs operating in the PSA. It is the applicant's understanding that Sports Orthopedics and Spine was granted a CON for an ODC in 2000, but it is not currently licensed as such by the Tennessee Department of Health, although an application may be pending. The proposed MSIC will be a free-standing, separately licensed ODC and will be available for referrals by community physicians of diverse specialties. Because MSIT is a sub-specialized radiology group, its radiologists will bring a level of expertise in reading and interpreting imaging studies that is currently not available to any significant extent in the PSA.

The existing MRI units in the PSA are well utilized, and as a whole are operating at an average rate of 2,360 scans per unit, or 82% of the CON threshold of 2,880 scans per unit. While there is theoretically some capacity in the market, that existing capacity is not readily available to those who are not patients of the host physician practices, or it is available only in hospital-based units that have significantly higher charges.

MSIT already has a strong presence in the PSA market. It provides the radiological reads for Baptist Memorial Hospital - Huntingdon in Carroll County, and formerly did so for McKenzie Regional Hospital. Although MSIT currently does not have an office location in the PSA, it serves a substantial number of PSA residents who currently travel to Memphis and Shelby County for imaging services. MSIT holds a 5% interest in The Imaging Center at Wolf River, referred to hereinafter as "WRIC," and is the exclusive provider of professional radiology services for that ODC. In addition, MSIT serves other outpatient sites as the exclusive provider of professional services in the Memphis MSA.

**2) Negative Effects**

For the reasons explained in the immediately preceding response, this should not have any long term negative impact on exiting providers. Any negative impact will be at least partially off-set by future growth, and is justified by the increased accessibility to services and lower costs to patients.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.**

MSIC anticipates the need for 5 FTE patient care employees and 5 FTE non-patient care employees. The staffing chart is included in (H) of the Economic Feasibility section above.

MSIC will maintain adequate staffing at least to the level required by applicable licensing and accreditation recommendations.

**2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.**

The applicant so verifies. MSIT is a partner in a licensed ODC in Shelby County and its executive and management teams understand and assure compliance with regulatory requirements.

**3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

Mid-South Imaging & Therapeutics, P.A. administers, supervises, and teaches a radiology resident program consisting of 22 radiology residents in their PGY -2 through PGY-5 years in conjunction with Baptist Memorial Hospital - Memphis. Radiology residents must complete a one year transitional year (intern year), their PGY-1 year, prior to beginning their training with Mid-South Imaging & Therapeutics, P.A. The Accreditation Council for Graduate Medical Education ("ACGME") officially lists the program as "Baptist Memorial Medical Education Program Diagnostic Radiology."

**D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.**

**Licensure:** Tennessee Board for Licensing Health Care Facilities

**Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.):** Outpatient Diagnostic Center

**Accreditation (i.e., Joint Commission, CARF, etc.):** American College of Radiology

**1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.**

N/A. This is a proposed new provider.

**2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.**

N/A. This is a proposed new provider.

**3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination**

proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

N/A. This is a proposed new provider.

**E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:**

**1) Has any of the following:**

- a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
- c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

**2) Been subjected to any of the following:**

- a) Final Order or Judgment in a state licensure action;

No

- b) Criminal fines in cases involving a Federal or State health care offense;

No

- c) Civil monetary penalties in cases involving a Federal or State health care offense;

No

- d) Administrative monetary penalties in cases involving a Federal or State health care offense;

No

- e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

No

- f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

No

- g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

No

- h) Is presently subject to a corporate integrity agreement.

No

**F. Outstanding Projects: N/A**

- 1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	

\* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

- 2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

N/A

**G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.**

- 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?

No

- 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?

N/A

- 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission?

N/A

## **SECTION B: QUALITY MEASURES**

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

The applicant will comply with any such reporting requirements.

## **SECTION C: STATE HEALTH PLAN QUESTIONS**

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

- A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

MSIT's mission and the proposed ODC are consistent with this purpose.

- B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

This proposed ODC will improve access to imaging services in the service area.

- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

The proposed MSIC is an economically efficient health care service enhancement to the service area. Its proposed charges are lower than almost all similar services in the area.

- D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.**

MSIC will be subject to monitoring by the Tennessee Department of Health and by the American College of Radiology. It will maintain compliance with all applicable quality standards.

- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.**

The staffing requirements for the proposed ODC are primarily medical technologists. The applicant is not aware of any significant shortage of qualified professionals.

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

A Publisher's Affidavit is attached on the following pages.

## NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications. N/A

## DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

A completed Project Completion Forecast Chart is on the following page.

2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension. N/A

## PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

<u>Phase</u>	<u>Days Required</u>	<u>Anticipated Date [Month/Year]</u>
1. Initial HSDA decision date		December 2018
2. Architectural and engineering contract signed	6	December 2018
3. Construction documents approved by the Tennessee Department of Health	45	January 2019
4. Construction contract signed	50	January 2019
5. Building permit secured	76	February 2019
6. Site preparation completed	120	April 2019
7. Building construction commenced	132	April 2019
8. Construction 40% complete	269	September 2019
9. Construction 80% complete	415	January 2020
10. Construction 100% complete (approved for occupancy	485	April 2020
11. *Issuance of License	500	April 2020
12. *Issuance of Service	525	May 2020
13. Final Architectural Certification of Payment	549	June 2020
14. Final Project Report Form submitted (Form HR0055)	575	July 2020

\*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

**NOTE:** If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date



**LIST OF ATTACHMENTS**  
**MID-SOUTH IMAGING CENTER**

Imaging at MSIT-affiliated sites	<u>Attachment Section A, Executive Summary, B, (4)</u>
Organizational documents and ownership chart	<u>Attachment Section A, 4 B</u>
Site control documentation	<u>Attachment Section A, 6 A</u>
Plot plan	<u>Attachment Section A, 6 B 1</u>
Floor plan	<u>Attachment Section A, 6 B 2</u>
MRI Quote	<u>Attachment Section A, 13, B</u>
FDA substantial equivalence letter	<u>Attachment Section A, 13, F</u>
MRI utilization in the PSA	<u>Attachment Section B, Need, CON Criteria (1)</u>
Emergency protocol	<u>Attachment Section B, Need, CON Criteria (2)</u>
Population and demographics table	<u>Attachment Section B, Need, D, 1</u>
Out-migration data	<u>Attachment Section B, Need, E</u>
General contractor letter	<u>Attachment Section B, Economic Feasibility, A, 5</u>
Funding letters	<u>Attachment Section B, Economic Feasibility, B, 1</u>

MSIT Radiology Studies									
(Patients from Below Counties Scanned in Shelby County)									
YEAR/MODALITY	Hardeman	Chester	Crockett	Gibson	Haywood	Henderson	Madison	Weakley	TOTAL
<b>2016</b>									
MRI	110	9	33	38	127	36	106	27	485
CT	273	24	29	89	360	81	134	46	1035
US	144	9	34	46	194	46	84	45	602
X-ray	691	75	171	291	921	223	521	444	3338
Other*	183	12	24	14	322	31	60	29	675
<b>Total</b>	<b>1401</b>	<b>129</b>	<b>291</b>	<b>478</b>	<b>1923</b>	<b>417</b>	<b>905</b>	<b>591</b>	<b>6135</b>
<b>2017</b>									
MRI	161	15	21	29	107	42	71	25	471
CT	292	21	33	66	364	66	127	82	1051
US	165	15	25	44	249	44	82	69	693
X-ray	690	87	99	315	887	241	593	501	3413
Other*	139	19	20	31	204	55	33	31	532
<b>Total</b>	<b>1447</b>	<b>157</b>	<b>198</b>	<b>485</b>	<b>1811</b>	<b>448</b>	<b>906</b>	<b>708</b>	<b>6160</b>
<b>2018</b>									
MRI	136	24	30	18	98	44	66	36	452
CT	398	44	22	78	326	54	182	82	1186
US	222	22	22	24	188	40	70	48	636
X-ray	1010	136	108	314	840	224	500	430	3562
Other*	160	4	18	20	216	16	42	52	528
<b>Total</b>	<b>1926</b>	<b>230</b>	<b>200</b>	<b>454</b>	<b>1668</b>	<b>378</b>	<b>860</b>	<b>648</b>	<b>6364</b>

\*The Other category consists of the following modalities: Mammography, Peripheral Vascular Interventional Radiology, Neuro Interventional Radiology, Nuclear Medicine, PET scans, and Evaluation & Management.

Source: MSIT internal records



**Tre Hargett**  
Secretary of State

**Division of Business Services**  
**Department of State**  
State of Tennessee  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

### Filing Information

Name: **MID-SOUTH IMAGING & THERAPEUTICS, P.A.**

#### General Information

<b>SOS Control #</b>	<b>000058612</b>	Formation Locale:	TENNESSEE
Filing Type:	For-profit Corporation - Domestic	Date Formed:	09/19/1969
	09/19/1969 4:30 PM	Fiscal Year Close	9
Status:	Active		
Duration Term:	Perpetual		

#### Registered Agent Address

BRIAN M BARBEITO  
STE 200  
7600 WOLF RIVER BLVD  
GERMANTOWN, TN 38138-1788

#### Principal Address

STE 200  
7600 WOLF RIVER BLVD  
GERMANTOWN, TN 38138-1788

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
10/16/2017	2017 Annual Report	B0453-1106
10/18/2016	2016 Annual Report	B0307-8364
	Principal Postal Code Changed From: 38138-1784 To: 38138-1788	
	Registered Agent First Name Changed From: PHILLIP To: BRIAN	
	Registered Agent Middle Name Changed From: No Value To: M	
	Registered Agent Last Name Changed From: ZENI M D To: BARBEITO	
	Registered Agent Physical Postal Code Changed From: 38138-1784 To: 38138-1788	
11/23/2015	2015 Annual Report	B0169-4273
	Principal Address 1 Changed From: 6305 HUMPHREYS BLVD To: 7600 WOLF RIVER BLVD	
	Principal Address 2 Changed From: STE 205 To: STE 200	
	Principal City Changed From: MEMPHIS To: GERMANTOWN	
	Principal Postal Code Changed From: 38120-2379 To: 38138-1784	
	Registered Agent Physical Address 1 Changed From: 6305 HUMPHREYS BLVD To: 7600 WOLF RIVER BLVD	
	Registered Agent Physical Address 2 Changed From: STE 205 To: STE 200	
	Registered Agent Physical City Changed From: MEMPHIS To: GERMANTOWN	
	Registered Agent Physical Postal Code Changed From: 38120-2379 To: 38138-1784	
11/05/2014	2014 Annual Report	B0020-1231

RECEIVED  
STATE OF TENNESSEE

92 FEB - ARTICLES OF AMENDMENT TO THE CHARTER

BRYANT MILLSAPS  
SECRETARY OF STATE

OF

MID-SOUTH RADIOLOGISTS, P.A.

Pursuant to the provisions of Section 48-20-106 of the Tennessee Business Corporation Act, the undersigned corporation adopts the following articles of amendment to its charter:

1. The name of the corporation is MID-SOUTH RADIOLOGISTS, P.A.
2. The text of the amendment adopted is:  
FIRST. The name of the corporation is MID-SOUTH IMAGING & THERAPEUTICS, P.A.
3. The corporation is a for-profit corporation.
4. The amendment was duly adopted on January 29, 1992, by the shareholders.
5. This amendment is to be effect when these articles are filed by the Secretary of State.

MID-SOUTH RADIOLOGISTS, P.A.

January 29, 1992  
Signature Date

By

Joe R. Krisle, Jr.  
Joe R. Krisle, Jr. M.D.  
PresidentPresident  
Signer's Capacity

RECEIVED  
STATE OF TENNESSEE

88 MAY 13 PM 12:58

GENTRY CROWELL  
SECRETARY OF STATE

ARTICLES OF AMENDMENT TO THE CHARTER

OF

MID-SOUTH BMH RADIOLOGISTS, A PROFESSIONAL ASSOCIATION

Pursuant to the provisions of Section 48-20-106 of the Tennessee Business Corporation Act, the undersigned corporation adopts the following articles of amendment to its Charter:

1. The name of the corporation is MID-SOUTH BMH RADIOLOGISTS, A PROFESSIONAL ASSOCIATION.

2. The amendments adopted are as follows:

Paragraph First of the Charter is deleted and the following is inserted:

FIRST. The name of the corporation is MID-SOUTH RADIOLOGISTS, P.A.

The following paragraphs are added to the Charter:

THIRTEENTH. The street address and zip code of the corporation's Registered Agent is 899 Madison Avenue, Memphis, Shelby County, Tennessee 38146, which is also the address of the corporation's principal office.

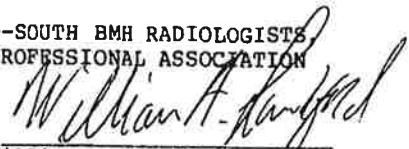
FOURTEENTH. The name of the corporation's Registered Agent is J S. Buchignani, Jr., M.D.

3. The above amendments were duly adopted at a meeting of the Shareholders on March 23, 1988.

Dated this 21st day of April, 1988.

MID-SOUTH BMH RADIOLOGISTS  
A PROFESSIONAL ASSOCIATION

By

  
William A. Lankford, M.D.  
President

## STATE OF TENNESSEE

## ARTICLES OF ASSOCIATION

FIRST. The name of this Association is MID-SOUTH  
BMH RADIOLOGISTS, a Professional Association.

SECOND. The address of the principal office of the  
Association is 899 Madison Avenue, Memphis, Tennessee.

THIRD. The general nature of the business to be  
transacted by this Association is the practice of medicine and re-  
lated services.

FOURTH. The ownership of the Association shall be  
divided into not more than two thousand (2,000) units (or shares).

Each such unit shall be entitled to one (1) vote in the  
election of Directors and upon any other business upon which mem-  
bers of the Association are required to act.

Only persons licensed to practice medicine under the  
laws of the State of Tennessee may become Associates or holders  
of units in said Association.

FIFTH. The amount of capital with which this  
Association will begin business shall be not less than One Thousand  
(\$1,000.00) Dollars; and the Association shall not commence busi-  
ness until the consideration of at least One Thousand (\$1,000.00)  
has been received for its units.

SIXTH. The time of the existence of this Association  
shall be perpetual.

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SEVENTH. The death, insanity, bankruptcy, retirement, resignation, expulsion, or withdrawal of any member of the Association shall not cause its dissolution.

EIGHTH. The authority to manage the affairs of the Association shall be vested in a Board of Directors, or an Executive Board or Committee, elected by the members of the Association.

NINTH. The members of the Association shall not be personally liable for debts of, or claims against, the Association; provided, however, that each member of the Association shall remain personally liable for his own acts in practicing medicine. Further provided, that nothing herein shall be construed to interfere with the traditional physician-patient relationship and nothing herein shall be construed to derogate from the Code of Ethics of the American Medical Association.

TENTH. Shares or units of ownership in the Association shall be transferable to qualified non-members of the Association after first being offered at their fair value to other members of the Association and not accepted.

ELEVENTH. The Associates shall have the power by a majority vote to adopt by-laws for the governing of the affairs of the Association and to amend, alter or repeal them.

TWELFTH. The Association, its members, and all persons dealing with the Association, shall be governed by the statutes of the State of Tennessee relative to private corporations, in the

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same manner and to the same extent as if the Association were incorporated under such statutes.

WE, THE UNDERSIGNED, in order to form an Association in accordance with the provisions of Section 61-105, Tennessee Code Annotated, do execute these Articles of Association for the purposes and with the powers declared in the foregoing instrument.

WITNESS our hands this the 15 day of September, 1969.

John E. Whiteleather  
John E. Whiteleather, M.D.

James L. Booth  
James L. Booth, M.D.

Ling H. Lee, M.D.  
Ling H. Lee, M.D.

H. Colby Gardner  
H. Colby Gardner, M.D.

William P. Flowers, M.D.  
William P. Flowers, M.D.

Madison Buckley, M.D.  
Madison Buckley, M.D.

Raymond J. Fioranelli, M.D.  
Raymond J. Fioranelli, M.D.

James E. Hancock, M.D.  
James E. Hancock, M.D.

STATE OF TENNESSEE  
COUNTY OF SHELBY

Personally appeared before me, a Notary Public, the within named Associates, JOHN E. WHITELEATHER, M.D.; JAMES L. BOOTH, M.D.; LING H. LEE, M.D.; H. COLBY GARDNER, M.D.; WILLIAM P. FLOWERS, M.D.; MADISON BUCKLEY, M.D.; RAYMOND J. FIORANELLI, M.D.; and JAMES E. HANCOCK, M.D., with whom I am personally acquainted, and who acknowledged that they executed the within Articles of Association for the purposes therein contained.

WITNESS my hand and official Seal at office in Memphis, Tennessee, this 15 day of September, 1969.

Marion W. Elliott  
Notary Public

My Comm. expires: July 8, 1972

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I, JOE C. CARR, Secretary of State, do certify that this Charter, with certificate attached, the foregoing of which is a true copy, was this day registered and certified to by me.

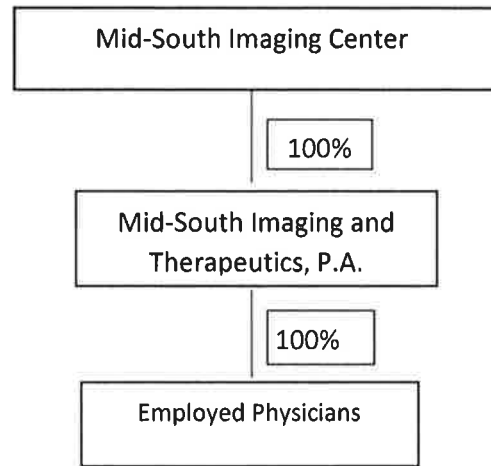
This the 19th day of September, 1969

JOE C. CARR,

SECRETARY OF STATE

FEE: \$ 25.00

## Mid-South Imaging Center Ownership Chart



## **OPTION TO LEASE AGREEMENT**

THIS OPTION TO LEASE AGREEMENT is made and entered into as of this 9<sup>th</sup> day of August, 2018, by and between Cypress Realty Holdings Company III, LLC ("Optionor") and Mid-South Imaging and Therapeutics, P.A., ("Optionee") (collectively the "Parties").

WITNESSETH:

WHEREAS, Optionor holds an option to purchase certain land located in Madison County, Tennessee, (the "Land") as more particularly described in that certain Option to Purchase Real Estate, dated August 1, 2018, by and between M & M Valley Investments, L.P., and Cypress Realty Holdings Company III, LLC ("Purchase Option"), and intends to build a commercial building (the "Building") on the said Land for the purpose of leasing the Building to Optionee; and

WHEREAS, Optionee wishes to lease the Building (the "Optioned Premises") for the purpose of establishing an Outpatient Diagnostic Center therein, subject to receiving certificate of need and any other applicable regulatory approvals; and

WHEREAS, Optionor is willing to grant to Optionee an option to lease the Optioned Premises under terms and conditions the totality of which will be negotiated and agreed upon in good faith between the Parties.

NOW THEREFORE, for and in consideration of the sum of \$1,000 cash in hand paid, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Optionor hereby grants to Optionee an option to lease the Optioned Premises, which option shall extend from the date hereof and shall expire at 5:00 p.m. local time, on January 31,

2019 (the "Option Expiration Date"). Optionee will have the right to extend the Option Expiration Date for an additional ninety (90) days from the Option Expiration Date (the "Extended Option Expiration Date") upon giving written notice of its intent to do so at least fifteen (15) days prior to the Option Expiration Date.

2. Optionee must give written notice to Optionor of its election to exercise such option on or before 5:00 p.m. on the Option Expiration Date or the Extended Option Expiration Date. Failure to exercise such option shall result in the termination of any rights granted to Optionee.

3. In the event that Optionee exercises the option, the Parties will negotiate in good faith to reach and enter into a final definitive lease agreement which will include all terms and conditions of the lease (the "Lease"). In the event the Parties are not able to agree upon a final definitive lease agreement within thirty (30) days after the exercise of the option, then this Option to Lease Agreement and the rights and obligations of either party to the other party as to the Optioned Premises granted hereunder shall terminate and be of no further force and effect.

4. For the purpose of making good faith estimate of the cost of the Lease over the initial term of the Lease, as required for a certificate of need application, the parties estimate the Lease rate will be approximately \$22.50 to \$25.00 per square foot and the initial term will be not less than ten (10) years. The final lease rate, term of the lease and all other terms and conditions of the Lease will be agreed to and set forth in the definitive lease agreement.

5. Notwithstanding any term, condition, provision or obligation of the Optionor contained herein, this Option to Lease Agreement shall not be binding on Optionor unless and until Optionor exercises the Purchase Option.

6. The Parties acknowledge that, pursuant to the terms of the Purchase Option,

Optionor may assign its right to purchase the Land to a to-be-formed entity owned by Optionor and Optionee (the "JV"). In the event that Optionor elects to assign the Purchase Option to the JV, then this Option to Lease Agreement will automatically be binding on the JV, which will be substituted as the "Optionor" hereunder.

IN WITNESS WHEREOF the authorized representatives of the Parties have executed this Option Agreement, and the same is effective as of the date first written herein above. Counterpart, facsimile and PDF execution shall be permitted and each shall constitute an original of such signing party.

"OPTIONOR"

CYPRESS REALTY HOLDINGS COMPANY  
III, LLC  
a Delaware limited liability company


By: \_\_\_\_\_

  
Joe Jarratt  
Co-Manager

"OPTIONEE"

MID-SOUTH IMAGING AND THERAPEUTICS,  
P.A.  
a Tennessee professional association

By: \_\_\_\_\_

  
Printed Name: John A. Ellzey, M.D.  
Title: President

### OPTION TO PURCHASE REAL ESTATE

This option, given as of the 1<sup>st</sup> day of August, 2018, by M&M Valley Investments, LP, a Tennessee limited partnership (the "Optionor"), to Cypress Realty Holdings Company III, L.L.C. a Delaware limited liability company (the "Optionee").

### WITNESSETH

For ten dollars (\$10.00) and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Optionor hereby gives and grants to the Optionee the irrevocable exclusive right to purchase, upon the terms and conditions stated herein, certain real property owned by Optionor. Said property being located within Thompson Farms Section 1 in Madison County, Jackson, Tennessee containing 1.5 acres more or less to be subdivided by Optionor out of a larger lot 3 as noted on the attached Exhibit A attached.

1. **TERM OF OPTION.** The term of this option shall commence on the date of Optionor's notice to Optionee that the re-plot of the property contemplated in Paragraph 10.8 has been completed and shall continue thereafter for a period of six (6) months. Optionee shall have the right to extend the Option term for an additional three (3) month period by giving Optionor a thirty (30) day notice prior to the expiration of the initial six (6) month option period and subject to the additional option payment stipulated in paragraph two (2) below.

2. **CONSIDERATION FOR OPTION.** Upon the execution of this Option, Optionee shall pay to Optionor the sum of Two Thousand Five Hundred Dollars (\$2,500.00) as consideration for the option granted herein. If Optionee elects to extend the Option period as stated in paragraph one (1) above, Optionee shall include in said thirty (30) day written notice an additional Five Thousand Dollars (\$5,000.00) as consideration for the option extension being granted.

3. **MANNER OF EXERCISE.** The option to purchase the property may be exercised by notice given in writing by the Optionee to the Optionor by certified mail or recognized overnight delivery service, postmarked prior to the expiration of the Option Period set forth in Paragraph 1 above. Such notice shall be effective as of the time it is postmarked or placed with overnight delivery (the "Effective Date"). No payment or tender shall be required to accompany such notice, and the Optionee shall in such notice set a date for closing of the purchase of the property (the "Closing"), which date shall be on or before fifteen (15) days after the effective date.

4. **PURCHASE PRICE AND TERMS OF PAYMENT.** The purchase price for the property shall be not less than Seven Hundred Nineteen Thousand Dollars (\$719,000.00) (the "Purchase Price"), free the clear of all liens, easements, encumbrances and tenancies, except those approved by Optionee in accordance with Paragraph 6 below. The purchase price for the property is based upon a purchase price of eleven Dollars (\$11.00) per square foot. The final square footage of the property shall be based upon the final subdivision of the Property therefore the purchase price may increase but in no case will the purchase price go below the above stated gross amount. The sums paid by the Optionee under Paragraph 2 as consideration for this Option shall be credited against the Purchase Price.

5. **FAILURE TO EXERCISE OPTION OR CLOSE.** If the Optionee does not exercise its option or fails to close this transaction after "giving notice" all option monies paid as consideration for this Option shall be retained by the Optionor. This shall represent Optionor's sole claim against Optionee and the parties shall be under no further obligation to one another. Should Optionor fail to close this transaction Optionor shall immediately return to Optionee any Option monies paid to Optionor by Optionee and Optionee shall be entitled to specific performance.

6. **TITLE TO PROPERTY.** Optionor will provide Optionee with the title search that it possesses from its original purchase of the Property (the original ten (10) acres). Optionee shall order its own title search on the property. In the event any defects in the title to the optioned property be discovered by Optionee, Optionee shall immediately notify Optionor in writing of said objections to the condition of the title. Optionor shall then have 15 days after receiving such notice, to satisfy or undertake to satisfy Optionee's objections. Optionee may elect to terminate this Option by written notice to Optionor within 10 days after being notified by Optionor in writing that they have been unable, in the exercise of due diligence and good faith, to satisfy said objections, whereupon all monies paid for the Option shall be returned to Optionee, and the parties hereto shall have no further right or obligation hereunder.

7. **CLOSING.** The purchase and sale hereby contemplated shall be closed at the time and place fixed by the Optionee in the notice given under Paragraph 3 hereof. At the Closing, the Optionor shall deliver to the Optionee a properly executed and valid Warranty Deed, in recordable form, conveying good and marketable fee simple title to the property, free and clear of all liens and encumbrances other than easements and rights of way of record or in place. The Optionee shall, on the closing date, deliver to the Optionor the Purchase Price, subject to prorations, by wire transfer in U.S. dollars, and Optionor shall then deliver possession of the property. Optionor and Optionee shall also provide at closing such other documents as are usual and customary in commercial transactions, including requirements to permit an owner's title policy issued to Optionee for the amount of the purchase price. Real property taxes and assessments (including roll-back taxes), utility charges and all other items normally prorated in transactions of this nature shall be prorated between the parties as of the date of Closing. All documentary transfer fees imposed on or in connection with the sale of the Property shall be paid by Optionee. All other costs or expenses relating to the performance of the obligations hereunder and the consummation of the transactions contemplated herein which have not been specifically allocated to either party shall be borne by the party incurring such cost or expense.

8. **RIGHT TO GO UPON PROPERTY.** During the term of this Option, the Optionee and its agents and representatives may enter upon the Property for the purpose of making inspections, engineering studies, surveys, test boring and surface and subsurface inspections. Optionor agrees upon execution of this agreement, to furnish Optionee with all existing surveys, topographic maps, engineering data, drainage plans, site plans, etc., that have been performed (that Optionor is aware of) on said property. Optionee will provide Optionor with lien waivers from its agents, for any work performed on said property authorized by Optionee, if Optionee fails to close said transaction.

9. **ASSIGNMENT.** This Option may not be assigned by Optionee without the written consent of Optionor. Such consent shall not be unreasonably withheld, conditioned or delayed. Optionor agrees that Optionee shall have the right, without prior consent of Optionor, to assign this option to any entity comprised of Optionee and the end-user medical practice group, such assignment being necessary for application for regulatory permits and licenses for the end-user medical practice group.

10. **WARRANTIES OF OPTIONOR.** The Optionor covenants, represents and warrants the following to the Optionee, each of which is a material inducement for the Optionee to enter into this Agreement.

10.1 **AUTHORITY.** Optionor has good and marketable fee simple title to the Property, subject to easements, and rights of way of record or in place, and has full power and authority to enter into this Option and to assume and perform all obligations hereunder. The execution and delivery of the Option and the consummation of the transactions contemplated hereby do not and will not conflict with or result in the breach on any condition provision of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon the Property, by reason of the terms of

any contract, mortgage, lien, lease, agreement, instrument or judgment to which the Optionor is a party or which are or purport to be binding upon the Optionor.

**10.2 LITIGATION.** The Optionor is not a party to any litigation, and knows of no litigation or threatened litigation of a material nature, affecting the Property, nor has the Optionor received notice of the violation of any state or federal law or municipal orders, ordinances or requirements affecting the Property.

**10.3 TRANSFER.** During the term of this Option, or at any time after the exercise hereof, Optionor will not, without the prior written consent of the Optionee, transfer, convey, or encumber the Property, or any portion thereof.

**10.4 CONDEMNATION.** There are no condemnation or eminent domain proceedings pending, or to the best of Optionor's knowledge, threatened against the Property or any part thereof.

**10.5 HAZARDOUS MATERIALS.** Optionor warrants that no pollutants, or other toxic or hazardous substances, including any solid, liquid, gaseous or thermal irritant or contaminant such as smoke, vapor, soot, fumes, acid, alkalies, chemicals or waste, or asbestos or polychlorinated biphenyl ("PCBs") are located or have been located, discharged, disbursed, released, stored, treated, generated, disposed or allowed to escape on the subject property and that if any underground storage tanks or other hazardous materials are or have been located on the site that the tanks and or any other hazardous materials have been or will be removed (prior to closing) in compliance with all applicable state and federal statutes and regulations, and there is no or will be no evidence of leakage from such tanks prior to closing.

**10.6 SURVIVAL.** All representations, covenants and warranties provided herein shall be true and correct as of the date hereof and as of the date of Closing. Further, all such representations, covenants and warranties shall survive the closing.

**10.7 UTILITIES.** Utilities, including water, sewer, electric and gas, are present on or near the property as illustrated on the utility maps (provided by Jackson utilities) that Optionor has provided to Optionee. Optionor makes no representation to Optionee as to capacity for any utilities for their intended needs.

**10.8 SUBDIVISION.** Optionee and Optionor acknowledge that the property being purchased is part of a larger parcel that Optionor owns and the subject property will be subdivided (re-platted) out of said larger parcel. Optionor will proceed with the subdivision (re-platting) of the property, in the exercise of due diligence and good faith and at Optionor's cost. Should Optionee not agree with the property as re-plated, then Optionee may terminate this agreement by notice given in writing to Optionor within five (5) days of recording of the re-plat and Optionor will return any Option monies paid by Optionee to Optionor within five (5) days of being notified in writing that Optionee has terminated the Option.

**11. OPTIONOR PROVIDED DOCUMENTS AND RIGHT TO REVIEW.** Optionor has provided Optionee with a copy of the DECLARATION OF EASEMENTS, COVENANTS, CONDITIONS AND RESTRICTIONS as recorded in Madison County, Tennessee as well as a copy of the Declaration of Restrictions affecting the Property. During the 6 month Option Period set forth in Paragraph 1 above, as may be required by Optionee, Optionor shall cause the Declaration to be amended to permit diagnostic imaging and therapeutic facilities as part of a proposed medical practice office on the property. Should Optionor be unable to amend the Declaration, then Optionee shall have the right after



receiving written notice from Optionor, to terminate this Agreement and have option money returned. In addition Optionor shall have the right to approve the Optionees' site plan and architectural building materials and design in order to conform to other building in the overall development of Thompson Farms Section 1. Optionor's aforesaid approval shall not be unreasonably withheld, conditioned or delayed.

12. **NOTICES.** All notices herein provided for shall be in writing, shall be delivered by United States registered, or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight delivery service and shall be deemed effectively given if addressed to such party at its address given below or at such other address which such party may from time to time designate in writing to the other:

To Optionor:	M & M Valley Investments, LP 11235 West Point Drive Suite One Knoxville, Tennessee 37922 Attn: Sam Mishu Phone: 865.675.0022
With Copy To:	M&M Development Company, Inc. 403 West Ponce de Leon Ave. Suite 120 Decatur, GA 30030 Attn: James P. Girard Phone: 404.370.1506
To Optionee:	Cypress Realty Holding Company III, LLC Attn: Joe Jarratt 700 Colonial Road, Suite 100 Memphis, TN 38117 Telephone: 901.682.7606 Fax: 901.682.7992
With copy to:	Wyatt, Tarrant & Combs, LLP Attn: Richard C. Raines, Esq. 6070 Poplar Avenue, Suite 300 Memphis, TN 38119 Telephone: 901.537.1000 Fax: 901.537.1010

13. **REAL ESTATE COMMISSION:** Optionee shall be solely responsible for the payment of a real estate brokerage commission to Optionee's broker Coldwell Banker Real Estate.

14. **ENTIRE AGREEMENT - AMENDMENTS.** This Agreement sets forth the entire understanding and agreement of the parties hereto with respect to the Property; all courses of dealing, uses of trade and all prior representations, promises, understandings and agreements, whether oral or written, are superseded by and merged into this Agreement.

15. **TIME OF THE ESSENCE.** Time is of the essence in this Option. If this agreement is not executed by both parties on or before the 10th day of August, 2018 then this agreement shall be null and void and the parties will be under no further obligation to one another.

16. **GOVERNING LAW.** This option shall be governed by and construed in accordance with the laws of the State of Tennessee.

17. **MEMORANDUM OF OPTION.** The Optionor and Optionee agree to and shall execute and record at Optionee's expense a Memorandum of Option setting forth Optionee's right to purchase the property and the Option term and Optionee's right to extend the Option term

18. **EXECUTION.** This option may be executed in counterpart and by original signature, facsimile or PDF, each of which may be considered an original against the signer thereof.

(signature of parties on next pages)

(Signature page- Option)

IN WITNESS WHEREOF, the Optionor and Optionee have executed this Option to Purchase Real Estate as of the day and year first above written.


Optionee:

Cypress Realty Holdings Company III, LLC

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

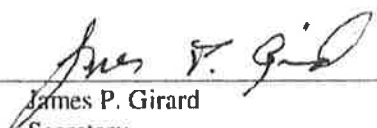
Title: \_\_\_\_\_

  
JOE JARRATT  
CO-MANAGER

Optionor:

M & M Valley Investments, LP

By: \_\_\_\_\_

  
James P. Girard  
Secretary

61755860.3

THIS INSTRUMENT PREPARED BY  
RAINEY, KIZER, REVIERE & BELL, P.L.C.  
Attorneys at Law (LAW-58710)  
105 S. Highland Avenue  
Jackson, Tennessee 38301

PROPERTY OWNER  
& ADDRESS:

M & M VALLEY INVESTMENTS, L.P.  
Oil Well Road  
Jackson, TN 38305

PERSON OR ENTITY RESPONSIBLE  
FOR THE PAYMENT OF REAL  
PROPERTY TAXES & ADDRESS:

M & M VALLEY INVESTMENTS, L.P.  
11235 West Point Drive  
Knoxville, TN 37922

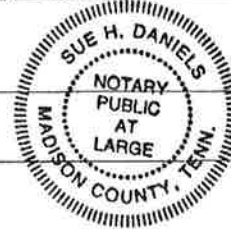
I, OR WE, HEREBY SWEAR OR AFFIRM THAT THE ACTUAL CONSIDERATION FOR THIS TRANSFER  
OR VALUE OF THE PROPERTY TRANSFERRED, (WHICHEVER IS GREATER) IS \$2,613,600.00.

  
AFFIANT

SUBSCRIBED AND SWORN TO BEFORE ME THIS THE 17th DAY OF MARCH, 2005.

COMMISSION EXPIRATION: 1-23-2007

Map 44 Parcel 50.00 (Portion)



### WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS: That I, VERN C. THOMSEN, JR., by Rodney M. Thomsen and Cindy R. Weaver, pursuant to a Durable Power of Attorney recorded in Book T1448, Page 961, in the Register's Office of Madison County, Tennessee, for and in consideration of the sum of One Hundred (\$100.00) Dollars, cash in hand paid, and other good and satisfactory consideration, receipt of all of which is hereby acknowledged, have this day bargained and sold, and do hereby alien, transfer, and convey unto M & M VALLEY INVESTMENTS, L.P., a Tennessee limited partnership, that certain lot or parcel of real estate lying and being in the Fifth Ward of the City of Jackson, Madison County, Tennessee, and more particularly bounded and described as follows, to-wit:

Begin at the intersection of the south right-of-way line of Oil Well Road (40.5 feet from centerline) with the west right-of-way line of Walker Road (46.21 feet from center line), said point having a Northing of 506,084.76 feet and an Easting of 1,119,554.49 feet in the Tennessee Coordinate System of 1983 and being monumented by a set 1/2-inch by 18-inch iron rod with aluminum identification cap stamped "PLS INC JACKSON TN" (typical of all iron rods referred to herein as set); thence, with the grid of said coordinate system and the west right-of-way line of Walker Road, the following courses: South 38 degrees 03 minutes 05 seconds East, 23.46 feet, to a point (30 feet from center line) thence, South 05 degrees 40 minutes 12 seconds West, 211.68 feet, to a point; thence, South 04 degrees 13 minutes 20 seconds West, 197.80 feet, to a point of curvature; thence, with the arc of a curve turning to the left, having an arc length of 155.37 feet, a radius of 6,583.21 feet, and a chord bearing and length of South 03 degrees 32 minutes 46 seconds West, 155.36 feet, to an iron rod set; thence, leaving said west right-of-way line with severance lines of Vern C. Thomsen, Jr. (Deed Book 169, Page 230), the following courses: North 87 degrees 35 minutes 07 seconds West 742.89 feet, to an iron rod with steel fence post witness set; thence North 02 degrees 24 minutes 53 seconds East 582.41 feet to an iron rod with steel fence post witness set on the south right-of-way line of Oil Well Road, as shown on the map of Madison County Assessor

said right-of-way line the remaining courses: South 86 degrees 50 minutes 39 seconds East, 326.48 feet, to a point of curvature; thence, with the arc of a curve turning to the left, having an arc length of 159.89 feet, a radius of 5,769.58 feet, and a chord bearing and length of South 87 degrees 38 minutes 17 seconds East, 159.88 feet, to a point of tangency; thence, South 88 degrees 25 minutes 55 seconds East, 262.69 feet, to the point of beginning and containing 10.00 acres as surveyed by PLS, Inc. last revised on March 8, 2005, by Alan Brent Dean, RLS-2205.

Being a portion of the same property conveyed to Vern C. Thomsen, Jr., and wife, Ruth Thomsen, by deed dated June 1, 1954, appearing of record in Deed Book 169, page 230, in the Register's Office of Madison County, Tennessee. Ruth Thomsen died on July 31, 1986 *ORNY C.R.W.*

TO HAVE AND TO HOLD the above-described real estate, together with all easements and appurtenances thereunto belonging, unto the said M & M VALLEY INVESTMENTS, L.P., its successors and assigns forever.

The Grantor covenants that he is lawfully seized and possessed of the above property; that he has full right to sell and convey the same as aforesaid; that said property is free of all liens and encumbrances with the exception of (1) city and county real property taxes for the year 2005, which are to be prorated between Grantor and Grantee and assumed by the Grantee, and (2) an Easement Agreement between Grantor and Grantee recorded contemporaneously herewith in the Register's Office of Madison County, Tennessee; to which this conveyance is made subject. With such exceptions Grantor will forever warrant and defend the title to said property unto the Grantee, its successors and assigns, against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, the Grantor has hereunto subscribed his name on this the 17th day of March, 2005.

*Vern C. Thomsen Jr. by Rodney M. Thomsen P.O.A.*  
\_\_\_\_\_  
RODNEY M. THOMSEN, attorney-in-fact for  
Vern C. Thomsen, Jr.

*Vern C. Thomsen Jr. by Cindy R. Weaver*  
\_\_\_\_\_  
CINDY R. WEAVER, attorney-in-fact for  
Vern C. Thomsen, Jr. *p.o.a.*

STATE OF TENNESSEE  
COUNTY OF Madison

Before me personally appeared RODNEY M. THOMSEN, to me known (or proved to me on the basis of satisfactory evidence) to be the person who executed the foregoing instrument in behalf of Vern C. Thomsen, Jr., and acknowledged that such person executed the same as the free act and deed of RODNEY M. THOMSEN.

Witness my hand, at office, this 17th day of March, 2005.

Notary Public

My commission expires: 7-5-05



STATE OF TENNESSEE  
COUNTY OF Madison

Before me personally appeared CINDY R. WEAVER, to me known (or proved to me on the basis of satisfactory evidence) to be the person who executed the foregoing instrument in behalf of Vern C. Thomsen, Jr., and acknowledged that such person executed the same as the free act and deed of C. R. WEAVER.

Witness my hand, at office, this 17th day of March, 2005.

Notary Public

My commission expires: 7-5-05



BK/PG:D664/681-683

05004991

3 PGS: AL - DEED	
CLARK BATCH: 15426	
03/17/2005 - 04:35 PM	
VALUE	2813600.00
MORTGAGE TAX	0.00
TRANSFER TAX	9670.32
RECORDING FEE	15.00
OP FEE	2.00
REGISTER'S FEE	1.00
TOTAL AMOUNT	9688.32

STATE OF TENNESSEE, MADISON COUNTY  
LINDA WALDON  
REGISTER OF DEEDS









GE Healthcare

Date: 08-08-2018  
Quote #: PR14-C48799  
Version #: 1  
Q-Exp-Date: 11-06-2018

**Issued By:**  
GE Healthcare  
FEIN: 14-0689340

**Customer Address:**  
Mid South Imaging & Therapeutics PA  
7600 Wolf River Blvd Ste 200  
Germantown TN 38138-1744

**Attention:**  
Candace Pruitt  
7600 Wolf River Blvd Germantown  
TN 38138

This Agreement (as defined below) is by and between the Customer and the GE Healthcare business ("GE Healthcare"), each as identified herein. "Agreement" is defined as this Quotation and the terms and conditions set forth in either (i) the Governing Agreement identified below or (ii) if no Governing Agreement is identified, the following documents:

1) This Quotation that identifies the Product offerings purchased or licensed by Customer;

2) The following documents, as applicable, if attached to this Quotation: (i) GE Healthcare Warranties; (ii) GE Healthcare Additional Terms and Conditions; (iii) GE Healthcare Product Terms and Conditions; and (iv) GE Healthcare General Terms and Conditions. In the event of conflict among the foregoing items, the order of precedence is as listed above.

This Quotation is subject to withdrawal by GE Healthcare at any time before acceptance. Customer accepts by signing and returning this Quotation or by otherwise providing evidence of acceptance satisfactory to GE Healthcare. Upon acceptance, this Quotation and the related terms and conditions listed above (or the Governing Agreement, if any) shall constitute the complete and final agreement of the parties relating to the Products identified in this Quotation.

No agreement or understanding, oral or written, in any way purporting to modify this Agreement, whether contained in Customer's purchase order or shipping release forms, or elsewhere, shall be binding unless hereafter agreed to in writing by authorized representatives of both parties.

<b>Governing Agreement:</b>	None
<b>Customer Number:</b>	1-24UPPZ
<b>Terms of Delivery:</b>	FOB Destination
<b>Billing Terms:</b>	80% delivery / 20% Installation
<b>Payment Terms:</b>	Due ON Receipt - 30 Days
<b>Total Quote Net Selling Price:</b>	\$1,263,004.00
<b>Sales And Use Tax Status:</b>	No Exemption Certificate on File

\*\* The following ship to states do not impose a sales/use tax (AK, DE, MT, NH, OR). No exemption certificate required.

**INDICATE FORM OF PAYMENT:**

If "GE HEF Loan" or "GE HEF Lease" is NOT selected at the time of signature, then you may NOT elect to seek financing with GE Healthcare Equipment Finance (GE HEF) to fund this arrangement after shipment.

☐ Cash/Third Party Loan/Check      ☐ GE HEF Loan  
☐ GE HEF Lease      ☐ Third Party Lease (please identify financing company) \_\_\_\_\_

By signing below, each party certifies that it (i) has received a complete copy of this Quotation, including the GE Healthcare terms, conditions and warranties, and (ii) has not made any handwritten or electronic modifications. Manual changes or mark-ups on this Agreement (except signatures in the signature blocks and an indication in the form of payment section below) will be void.

Each party has caused this agreement to be executed by its duly authorized representative as of the date set forth below.

CUSTOMER

\_\_\_\_\_  
Authorized Customer Signature      Date

\_\_\_\_\_  
Print Name      Print Title

\_\_\_\_\_  
Purchase Order Number (if applicable)

GE HEALTHCARE

Patrick Jenkins

08-08-2018

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Account Manager - VASO Mfr Rep

Email: patrick.jenkins1@ge.com

Office: +1 601 334 6466



Date: 08-08-2018  
Quote #: PR14-C48799  
Version #: 1  
Q-Exp-Date: 11-06-2018

Total Quote Selling Price	\$1,263,004.00
Trade-In and Other Credits	\$0.00
Total Quote Net Selling Price	\$1,263,004.00

#### To Accept this Quotation

Please sign and return this Quotation together with your Purchase Order To:

**Patrick Jenkins**

Office: +1 601 334 6466

Email: patrick.jenkins1@ge.com

#### Payment Instructions

Please **Remit** Payment for invoices associated with this quotation to:

**GE Healthcare**

**P.O. Box 96483**

**Chicago, IL 60693**

#### To Accept This Quotation

- Please sign the quote and any included attachments (where requested)
- If requested, please indicate, your form of payment.
- If you include the purchase order, please make sure it references the following information
  - The correct Quote number and version number above
  - The correct Remit To information as indicated in "**Payment Instructions**" above
  - The correct SHIP TO site name and address
  - The correct BILL TO site name and address
  - The correct Total Quote Net Selling Price as indicated above

"Upon submission of a purchase order in response to this quotation, GE Healthcare requests the following to evidence agreement to contract terms.

Signature page on quote filled out with signature and P.O. number.

\*\*\*\*\*OR\*\*\*\*\*

Verbiage on the purchase order must state one of the following: (i) Per the terms of Quotation #\_\_\_\_\_; (ii) Per the terms of GPO#\_\_\_\_\_; (iii) Per the terms of MPA #\_\_\_\_\_; or (iv) Per the terms of SAA #\_\_\_\_\_. Include the applicable quote/agreement number with the reference on the purchase order.

In addition, source of funds (choice of: Cash/Third Party Loan or GE HEF Lease or GE HEF Loan or Third Party Lease through \_\_\_\_\_), must be indicated, which may be done on the quote signature page (for signed quotes), on the purchase order (where quotes are not signed) or via a separate written source of funds statement (if provided by GE Healthcare)."



Item No.	Qty	Catalog No.	Description
	1		<b>SIGNA Artist 1.5T</b>
1	1	S7526GS	<p><b>SIGNA™ Artist T 1.5T 32-Channel MR System</b></p> <p>SIGNA™ Artist 1.5T from GE Healthcare, fueled by our new SIGNA™Works productivity platform, is a harmonious design of form and function, crafted to energize your productivity, enhance security, improve diagnostics and boost your bottom line.</p> <p>The Artist configuration includes the system electronics, operating software, imaging software, post-processing software and RF coil suite:</p> <ul style="list-style-type: none"><li>• RF-Receive Technology</li><li>• RF Coil Suite</li><li>• eXtreme Gradient Technology</li><li>• ART Quiet Technology</li><li>• Computing Platform and DICOM</li><li>• eXpress Detachable Table</li><li>• SIGNA™Flow and READYView Workflow</li><li>• SIGNA™Works Applications Toolkit</li></ul> <p>OpTix RF: SIGNA™ Artist T features the 32-channel OpTix Optical-Digital RF architecture. The OpTix RF receive chain enables high bandwidth, high channel count reception with improved SNR over conventional MR receiver designs. The MR signal is digitized within the scan room and then optically transmitted to the reconstruction engine in the electronics room increasing SNR for all volume acquisitions.</p> <ul style="list-style-type: none"><li>• Simultaneous channel/receivers: 32</li><li>• Receiver sampling per channel: 80 MHz</li><li>• Receiver dynamic range at 1 Hz BW: &gt;165 dB</li><li>• Receiver resolution: up to 32 bits</li><li>• Digital quadrature demodulation</li></ul> <p>RF Coil Suite: The Artist coil suite is designed to enhance patient comfort and image quality while simplifying workflow by ensuring that the geometry of the surface coil matches the geometry of the patient. The suite includes:</p> <ul style="list-style-type: none"><li>• (1) Integrated T/R Body Coil</li><li>• (1) T/R Head Coil</li><li>• (1) Posterior Array</li><li>• (1) Head-Neck Unit</li><li>• (1) Anterior Array</li></ul>



## GE Healthcare Service Quotation

AGREEMENT# \_\_\_\_\_ BILLING ACCOUNT# 303528 QUOTATION ID# 6918BF2

**Customer Information:** Name: Mid-South Imaging & Therapeutics PA  
Address: 7600 Wolf River Blvd Ste 200  
City: Germantown State: TN Zip: 38138

**Customer Billing Information:** Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Is the above billing address correct? ☐ Yes ☐ No If no, please provide the correct billing address below:

**Customer Billing Information:** Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Please provide the contact name and email address of the following person(s):

	Contact Name:	Email address:
1. To be notified when this Agreement is processed:	_____	_____
2. To receive all invoices electronically via email:	_____	_____

<b>Term*:</b> 48 months <b>Billing Frequency:</b> <u>Monthly - Advance</u> <b>Payment Schedule***:</b> _____ The following payments have non-date effective dates: \$6,942.92 Monthly - Advance, Effective at End of Warranty \$483.33 Monthly - Advance, Effective at End of Warranty \$2,540.42 Monthly - Advance, Effective at End of Warranty <b>Payment Terms:</b> <u>Net 30 days of invoice date</u> <b>Electronic Funds Transfer Authorized:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No  Service Sales Rep.: Joshua Caillavet Email: joshua.caillavet@ge.com Phone: 504.810.6207	<b>Agreement Start Date**:</b> <u>End of Warranty</u>  <b>Quotation Expiration Date:</b> <u>November 06, 2018</u> <b>PO Requirement:</b> <input type="checkbox"/> Yes <input type="checkbox"/> No <b>PO #:</b> _____ <b>PO Expiration Date:</b> _____  <b>Tax Status:</b> <u>Initial to indicate tax status:</u> _____ Exempt from sales and use tax (Note: GE Healthcare must have a current tax exemption certificate) _____ Subject to sales and use tax
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**\*TERM:** Automatically renews for additional 12-month periods unless either party provides at least 60 days' written notice prior to the expiration date.

**\*\*AGREEMENT START DATE:** The "Agreement Start Date" begins on: (a) the above date if Customer signs and returns this Agreement within 15 calendar days of that date; or (b) the date of signature if Customer does not sign and return this Agreement within 15 calendar days of the above date.

**ANNUAL CHARGES:** See Product Schedule for annual charges, offerings, coverage, and start dates for each Product. Charges are based on Product inventory, offerings, and coverage as of the Agreement Start Date and may change to reflect inventory and coverage modifications, variable charges and other adjustments as specified in this Agreement.

**\*\*\*PAYMENT SCHEDULE:** Charges are payable in installments as set forth above plus applicable taxes. These charges may change based on Product additions/deletions, inflation adjustments or other modifications permitted by this Agreement. Customer will be billed beginning on the Agreement Start Date. Payment is due the first of each month. If the Agreement Start Date is not the first of the month, the first and last payments will be prorated.

**AGREEMENT:** This Agreement is between the "Customer" identified above and General Electric Company, through its division, GE Healthcare ("GE Healthcare"), for the sale and purchase of the Services identified in this Quotation, together with any applicable schedules referred to herein ("Quotation"). "Agreement" is defined as the GE Healthcare (1) Quotation; (2) Product Schedule; (3) Statement of Service Deliverables; and (4) Service Terms & Conditions, that apply to the Products and/or Services identified in this Quotation. In the event of conflict, the order of precedence is as listed. GE Healthcare can withdraw this Quotation at any time before "Quotation Acceptance", which occurs when Customer either: (i) signs and returns this Quotation or (ii) provides evidence of Quotation acceptance satisfactory to GE Healthcare. On Quotation Acceptance, this Agreement is the complete and final agreement of the parties relating to the Services identified in this Quotation. There is no reliance on any terms other than those expressly stated or incorporated by reference in this Agreement and, except as permitted in this Agreement, no attempt to modify will be binding unless agreed to in writing by the parties. Modifications may result in additional fees and cannot be made without GE Healthcare's prior written consent.

Handwritten or electronic modifications on this Agreement (except signatures on the signature blocks below) are void. This Agreement is not part of an umbrella or other group purchasing agreement unless otherwise indicated.

The parties have caused this Agreement to be executed by their authorized representative as of the last signature date below.

**Customer**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**General Electric Company, through its division, GE Healthcare**

Signature: Joshua Caillavet \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: HSAM \_\_\_\_\_

Date: 8/6/2018 \_\_\_\_\_

## Mid-South Imaging &amp; Therapeutics PA

Support and prices quoted below are valid provided the customer signs and returns this quote to GE Healthcare by 10/5/2018

Equipment Identifiers	Trans. Type	Equipment	Effective Date	Offering	Options	Features	Annual Amount
System ID: TBD MR Artist Phy Loc Acct: TBD	ADD POS	GE MR 1.5T SIGNA ARTIST (M#55A)	End of Warranty through End of Agreement	AssurePoint Standard	INCLUDED: • APM Predict: OnWatch • GE SUPPLIED COILS • ILINO RESPONSE TIME: 30 MIN. • SPECTROSCOPY • SYSTEM USAGE: Up to 0002000 Patients • TDI COIL SUITE INCL. PATIENT TABLE EXCLUDED: • CHILLER COVERAGE • Continuity • MAGNET MAINTENANCE & CRYOGEN • PERIPHERAL DEVICES • Printers • Sentinel Breast Imaging Table • UNINTERRUPTED POWER SUPPLY • WORKSTATION	• FE Coverage Weekdays: MON-FRI, 8AM-5PM • FE Coverage Weekend: NO COVERAGE HRS • FE Onsite Response Time: 4-Hours • iCenter • InSite Response: 30 • InSite/Tech Phone Support • MR Touch: Excluded • PM Coverage HOURS/DAYS: MON-FRI, 8AM-5PM • Repair Parts: Included, Next Day 10:30 AM LST-MR • Software and Quality Updates • TIP Answer Line • TIP-Ed Online(TVI) Subscription • Uptime Commitment: 97% • ViosWorks HW: Excluded	\$83,315
System ID: TBD MR Dimplex Chiller Phy Loc Acct: TBD	ADD POS	DIMPLEX MV PR DIMPLEX WO2- 5000 CHILLER (20 TON) (SD1020)	End of Warranty through End of Agreement	AssurePoint Standard	INCLUDED: • CHILLER AGE: CHILLER AGE <10 YEARS EXCLUDED: • City Water Bypass or Other H/W • R22 Refrigerant	• FE Coverage Weekdays: MON-FRI, 8AM-5PM • FE Onsite Response Time: 24 Hours • PM Coverage HOURS/DAYS: MON-FRI, 8AM-5PM • Repair Parts: Included, Next Day 10:30 AM LST- GENERAL	\$5,800
System ID: TBD MR Cryogen Phy Loc Acct: TBD	ADD POS	GE MR MR MAGNET MAINTENANCE AND CRYOGEN (MSC28Z)	End of Warranty through End of Agreement	Magnet Maintenance and Cryogen	INCLUDED: • APM Predict: OnWatch • MAGNET: 0.5T, 1.0T, 1.5T (NON-TW/N)	• FE Coverage Weekdays: MON-FRI, 8AM-5PM • InSite/Tech Phone Support • Parts Shipping: Included, Next Day 10:30 AM LST- GENERAL	\$30,485

NET ANNUAL VALUE:

\$119,600

Customer:

GE Healthcare:

Approved By: \_\_\_\_\_

Title: \_\_\_\_\_

Approved By: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Food and Drug Administration  
10903 New Hampshire Avenue  
Document Control Center - WO66-G609  
Silver Spring, MD 20993-0002

GE Medical Systems, LLC  
% Mary A Mayka, Ph.D.  
Regulatory Affairs Manager  
3200 Grandview Blvd.  
WAUKESHA WI 53188

March 17, 2017

Re: K163331

Trade/Device Name: SIGNA Architect, SIGNA Artist, Discovery MR750 3.0T,  
Discovery MR450 1.5T, Discovery MR750w 3.0T and  
the Optima MR450w 1.5T

Regulation Number: 21 CFR 892.1000

Regulation Name: Magnetic resonance diagnostic device

Regulatory Class: II

Product Code: LNH

Dated: February 17, 2017

Received: February 21, 2017

Dear Dr. Mayka:

We have reviewed your Section 510(k) premarket notification of intent to market the device referenced above and have determined the device is substantially equivalent (for the indications for use stated in the enclosure) to legally marketed predicate devices marketed in interstate commerce prior to May 28, 1976, the enactment date of the Medical Device Amendments, or to devices that have been reclassified in accordance with the provisions of the Federal Food, Drug, and Cosmetic Act (Act) that do not require approval of a premarket approval application (PMA). You may, therefore, market the device, subject to the general controls provisions of the Act. The general controls provisions of the Act include requirements for annual registration, listing of devices, good manufacturing practice, labeling, and prohibitions against misbranding and adulteration. Please note: CDRH does not evaluate information related to contract liability warranties. We remind you, however, that device labeling must be truthful and not misleading.

If your device is classified (see above) into either class II (Special Controls) or class III (PMA), it may be subject to additional controls. Existing major regulations affecting your device can be found in the Code of Federal Regulations, Title 21, Parts 800 to 898. In addition, FDA may publish further announcements concerning your device in the Federal Register.

Please be advised that FDA's issuance of a substantial equivalence determination does not mean that FDA has made a determination that your device complies with other requirements of the Act or any Federal statutes and regulations administered by other Federal agencies. You must comply with all the Act's requirements, including, but not limited to: registration and listing (21 CFR Part 807); labeling (21 CFR Part 801); medical device reporting (reporting of medical device-related adverse events) (21 CFR 803); good manufacturing practice requirements as set forth in the quality systems (QS) regulation (21 CFR Part 820); and if applicable, the electronic product radiation control provisions (Sections 531-542 of the Act); 21 CFR 1000-1050.

If you desire specific advice for your device on our labeling regulation (21 CFR Part 801), please contact the Division of Industry and Consumer Education at its toll-free number (800) 638 2041 or (301) 796-7100 or at its Internet address

<http://www.fda.gov/MedicalDevices/ResourcesforYou/Industry/default.htm>. Also, please note the regulation entitled, "Misbranding by reference to premarket notification" (21 CFR Part 807.97). For questions regarding the reporting of adverse events under the MDR regulation (21 CFR Part 803), please go to

<http://www.fda.gov/MedicalDevices/Safety/ReportaProblem/default.htm> for the CDRH's Office of Surveillance and Biometrics/Division of Postmarket Surveillance.

You may obtain other general information on your responsibilities under the Act from the Division of Industry and Consumer Education at its toll-free number (800) 638-2041 or (301) 796-7100 or at its Internet address

<http://www.fda.gov/MedicalDevices/ResourcesforYou/Industry/default.htm>.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Michael D. O'Hara". The signature is written in a cursive style with some capital letters. A faint "FDA" watermark is visible in the background behind the signature.

For

Robert Ochs, Ph.D.  
Director  
Division of Radiological Health  
Office of In Vitro Diagnostics  
and Radiological Health  
Center for Devices and Radiological Health

Enclosure



County	Provider Type	Provider	Year	Number of FTE Units	Fixed or Mobile	Mobile Days Used	Total Scans	Total Scans per Unit	Hospital Based Scans	Non-Hospital Scans	Non-Hospital Scans per Unit	Total Gross Charges	Gross Charge per Scan	Hospital Based Gross per Scan	Non-Hospital Gross per Scan
Chester	PO	Frix Jennings Clinic, PC	2017	0.4	Mobile (Part)	4 half days/week	778	1945	366	610	778	NR	N/A	N/A	N/A
Henderson	HOSP	Henderson County Community Hospital	2017	0.6	Mobile (Part)	3 days/week	366	610	366	610	1945	\$2,063,351.00	\$5,637.57	\$5,637.57	\$1,494.23
Madison	PO	Jackson Clinic, P.A., The	2017	1	Fixed	N/A	2373	2373	7138	3569	2373	\$3,545,819.00	\$1,494.23	\$2,327.70	\$1,088.15
Madison	HOSP	Jackson Madison County General Hospital	2017	2	Fixed	N/A	7138	3569	7138	3569	1771	\$1,927,121.00	\$1,088.15	\$1,088.15	\$1,409.33
Madison	ODC	Sports Orthopedics and Spine	2017	1	Fixed	N/A	1771	1771	1771	4997	1919	\$5,243,493.00	\$1,043.33	\$5,782.27	\$2,312.25
Madison	PO	West Tennessee Bone & Joint Clinic	2017	1	Fixed	N/A	4997	4997	1031	1031	2690	\$5,961,523.00	\$2,506.88	\$4,005.86	\$1,575.99
Madison	HOSP	West Tennessee Healthcare North Hospital	2017	1	Fixed	N/A	1031	1031	6932	2311	1919	\$4,437,209.00	\$2,312.25	\$4,005.86	\$1,575.99
Madison	HODC	West Tennessee Imaging Center	2017	3	Fixed	N/A	6932	2311	6932	2311	2690	\$4,069,955.00	\$2,018.69	\$4,069.95	\$1,575.99
Madison	PO	West Tennessee Neurosciences	2017	1	Fixed	N/A	1919	1919	1016	1016	2690	\$57,171,362.00	\$2,018.69	\$4,069.95	\$1,575.99
Weakley	HOSP	Tennova Healthcare - Volunteer Martin	2017	1	Fixed	N/A	1016	1016	1016	1016	2690	\$57,171,362.00	\$2,018.69	\$4,069.95	\$1,575.99
<b>Total/Avg.</b>				<b>12</b>			<b>28,321</b>	<b>2360</b>	<b>16,483</b>	<b>11,838</b>	<b>2690</b>	<b>\$57,171,362.00</b>	<b>\$2,018.69</b>	<b>\$4,069.95</b>	<b>\$1,575.99</b>
County	Provider Type	Provider	Year	Number of FTE Units	Fixed or Mobile	Mobile Days Used	Total Scans	Total Scans per Unit	Hospital Based Scans	Non-Hospital Scans	Non-Hospital Scans per Unit	Total Gross Charges	Gross Charge per Scan	Hospital Based Gross per Scan	Non-Hospital Gross per Scan
Chester	PO	Frix Jennings Clinic, PC	2016	0.4	Mobile (Part)	4 half days/week	947	2368	412	687	947	NR	N/A	N/A	N/A
Henderson	HOSP	Henderson County Community Hospital	2016	0.6	Mobile (Part)	3 days/week	412	687	412	687	2415	\$2,234,841.00	\$5,424.37	\$5,424.37	\$1,486.06
Madison	PO	Jackson Clinic, P.A., The	2016	1	Fixed	N/A	2415	2415	7897	3949	2415	\$3,588,826.00	\$1,486.06	\$2,304.94	\$1,061.37
Madison	HOSP	Jackson Madison County General Hospital	2016	2	Fixed	N/A	7897	3949	7897	3949	2415	\$18,202,086.00	\$2,304.94	\$2,304.94	\$372.85
Madison	ODC	Sports Orthopedics and Spine	2016	1	Fixed	N/A	1952	1952	1952	1952	4744	\$721,794.09	\$372.85	\$372.85	\$1,061.37
Madison	PO	West Tennessee Bone & Joint Clinic	2016	1	Fixed	N/A	4744	4744	1336	1336	2498	\$5,035,130.00	\$1,061.37	\$5,591.58	\$2,087.07
Madison	HOSP	West Tennessee Healthcare North Hospital	2016	1	Fixed	N/A	1336	1336	1336	1336	2498	\$7,470,356.00	\$5,591.58	\$2,491.89	\$2,087.07
Madison	HODC	West Tennessee Imaging Center	2016	3	Fixed	N/A	7169	2390	7169	2390	2498	\$17,864,352.00	\$2,491.89	\$3,956.07	\$1,251.83
Madison	PO	West Tennessee Neurosciences	2016	1	Fixed	N/A	2498	2498	1099	1099	2854	\$5,213,499.00	\$2,087.07	\$3,956.07	\$1,251.83
Weakley	HOSP	Tennova Healthcare - Volunteer Martin	2016	1	Fixed	0	1099	1099	1099	1099	2854	\$60,336,884.09	\$2,043.79	\$3,953.77	\$1,251.83
<b>Total/Avg.</b>				<b>12</b>			<b>30,469</b>	<b>2539</b>	<b>17,913</b>	<b>12,556</b>	<b>2854</b>	<b>\$60,336,884.09</b>	<b>\$2,043.79</b>	<b>\$3,953.77</b>	<b>\$1,251.83</b>
County	Provider Type	Provider	Year	Number of FTE Units	Fixed or Mobile	Mobile Days Used	Total Scans	Total Scans per Unit	Hospital Based Scans	Non-Hospital Scans	Non-Hospital Scans per Unit	Total Gross Charges	Gross Charge per Scan	Hospital Based Gross per Scan	Non-Hospital Gross per Scan
Chester	PO	Frix Jennings Clinic, PC	2015	0.4	Mobile (Part)	4 half days/week	826	2065	374	623	826	NR	N/A	N/A	N/A
Henderson	HOSP	Henderson County Community Hospital	2015	0.6	Mobile (Part)	3 days/week	374	623	374	623	2065	\$1,905,501.00	\$5,094.92	\$5,094.92	\$965.89
Madison	PO	Jackson Clinic, P.A., The	2015	1	Fixed	N/A	2222	2222	8450	4225	2222	\$2,146,218.00	\$965.89	\$2,212.96	\$406.26
Madison	HOSP	Jackson Madison County General Hospital	2015	2	Fixed	N/A	8450	4225	8450	4225	2222	\$18,699,499.00	\$2,212.96	\$2,212.96	\$1,043.59
Madison	ODC	Sports Orthopedics and Spine	2015	1	Fixed	N/A	1869	1869	1869	1869	4235	\$759,239.89	\$406.26	\$406.26	\$2,065.21
Madison	PO	West Tennessee Bone & Joint Clinic	2015	1	Fixed	N/A	4235	4235	1468	1468	2447	\$4,419,584.00	\$1,043.59	\$5,077.15	\$2,065.21
Madison	HOSP	West Tennessee Healthcare North Hospital	2015	1	Fixed	N/A	1468	1468	1468	1468	2447	\$7,453,254.70	\$5,077.15	\$2,509.76	\$2,065.21
Madison	HODC	West Tennessee Imaging Center	2015	3	Fixed	N/A	6942	2314	6942	2314	2636	\$17,422,784.00	\$2,509.76	\$3,694.02	\$1,120.24
Madison	PO	West Tennessee Neurosciences	2015	1	Fixed	N/A	2447	2447	507	507	2636	\$5,053,557.00	\$2,065.21	\$3,694.02	\$1,120.24
Weakley	HOSP	Tennova Healthcare - Volunteer Martin	2015	1	Fixed	0	507	507	507	507	2636	\$59,732,560.59	\$2,035.87	\$3,717.76	\$1,120.24
<b>Total/Avg.</b>				<b>12</b>			<b>29,340</b>	<b>2445</b>	<b>17,741</b>	<b>11,599</b>	<b>2636</b>	<b>\$59,732,560.59</b>	<b>\$2,035.87</b>	<b>\$3,717.76</b>	<b>\$1,120.24</b>
HSDA Medical Equipment Registry - 7/24/2018															

Mid-South Imaging & Therapeutics, P.A.  
Mid-South Imaging Center  
Jackson, TN.  
Emergency Protocols

The proposed Mid-South Imaging Center maintains certain emergency protocols in the event of both patient and staff emergency situations. In the event of certain medical emergencies related to diagnostic imaging exams, such as patient contrast and other allergy reactions, the proposed Mid-South Imaging Center divides such conditions into three categories: minor reactions, intermediate reactions, and major reactions. In the event of minor or intermediate reactions, the on-site physicians addresses the patient's conditions, triaging, treating, monitoring, and determining next steps if necessary. Such minor or intermediate reactions may involve the administration of Prednisone, Benadryl, Pepcid, or other such supplies as remedy for the reaction or condition. For major reactions or serious medical conditions, the staff notifies the on-site physician for triage, treatment, and monitoring while calling 911 to report a patient emergency. Upon EMS arrival, staff of the proposed Mid-South Imaging Center will step aside to allow EMS to assume care and determine the most appropriate destination for the emergency care at a licensed local hospital.

In the event of other such facility emergencies, such as a fire, fire alarms and egress signage will alert patients and staff to exit the building using the nearest exit. Upon such an emergency, the facility staff will direct patients to exist the facility utilizing the safest most expedient route prior to staff existing the building while also calling 911 to alert the proper authorities of the emergency condition. Upon all staff and patients exiting the building and positioning themselves at a safe distant for the hazard, the administrator or staff in charge, will perform a head count to ensure staff and patients are accounted for and cooperate with the local authorities as directed.

Detailed written policies and procedures outlining the process and protocols associated with emergency conditions both medical and non-medical will be maintained in the facility and delivered to staff in both orientation and regular education intervals.

Demographic Variable/ Geographic Area	Department of Health/Health Statistics										Bureau of the Census					TennCare	
	Total Population- Current Year (2018)	Total Population- Projected Year (2022)	Total Change	*Target Population (18+) Current Year	*Target Population- Project Year	*Target Change	Population-% *Target	Population-% Change	Target Population Projected Year	as % of Total	Median Age	Median Household Income	Person Below Poverty Level*	Person Below Poverty Level	as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Chester	17,648	18,043	2.24%	13,632	14,046	3.04%	78%	78%	37.1	\$42,376	3,159	17.9%	3,861	21.9%			
Crockett	14,449	14,503	0.37%	11,062	11,133	0.64%	77%	77%	39.6	\$38,043	2,644	18.3%	3,689	25.5%			
Gibson	49,803	50,533	1.47%	37,925	38,546	1.64%	76%	76%	40.3	\$38,854	9,313	18.7%	12,546	25.2%			
Hardeman	25,206	24,710	-1.97%	20,401	20,199	-0.99%	82%	82%	39.9	\$33,566	5,974	23.7%	6,779	26.9%			
Haywood	17,594	17,060	-3.04%	13,688	13,390	-2.18%	78%	78%	40.4	\$35,094	3,695	21.0%	5,313	30.2%			
Henderson	28,086	28,563	1.70%	21,783	22,301	2.38%	78%	78%	40.4	\$41,478	5,814	20.7%	7,061	25.1%			
Madison	98,244	99,327	1.10%	75,518	76,714	1.58%	77%	77%	37.8	\$44,237	19,059	19.4%	23,924	24.4%			
Weakley	33,241	32,856	-1.16%	26,265	25,991	-1.04%	79%	79%	37.5	\$38,040	6,349	19.1%	6,864	20.6%			
Primary Service Area Total/Avg.	284,271	285,595	0.47%	220,274	222,320	0.93%	78%	78%	39.1	\$38,961	56,007	19.7%	70,037	24.6%			
State of TN Total	6,769,368	6,992,559	3.30%	5,241,318	5,368,064	2.42%	77%	77%	38.4	\$45,219	1,191,409	17.6%	1,565,932	23.1%			

\*The Census Bureau website does not provide the number of persons below poverty level. The totals in this column are calculated by percentage of individuals below poverty level in 2016 (latest year available on Census website) divided by total population in 2018.

Sources: <http://www.tn.gov/health/article/statistics-population>; <http://www.tn.gov/tenncare/topic/enrollment-data>; <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

**MRI Service Destinations of PSA Patients - 2017**

County of Residence	Total MRIs Received	Scans Inside PSA	Scans Outside PSA	Outmigration Rate	Scans in Madison Co.	Madison Co. Capture Rate
Chester	1029	876	153	14.9%	876	85.1%
Crockett	1058	862	196	18.5%	862	81.5%
Gibson	3884	3251	633	16.3%	3243	83.5%
Hardeman	1837	1116	721	39.2%	1116	60.8%
Haywood	1170	810	360	30.8%	810	69.2%
Henderson	1877	1388	489	26.1%	1378	73.4%
Madison	7165	6298	867	12.1%	6298	87.9%
Weakley	1078	567	511	47.4%	567	52.6%
<b>TOTAL</b>	<b>19,098</b>	<b>15,168</b>	<b>3930</b>	<b>20.6%</b>	<b>15,150</b>	<b>79.3%</b>

**MRI Service Destinations of PSA Patients - 2016**

County of Residence	Total MRIs Received	Scans Inside PSA	Scans Outside PSA	Outmigration Rate	Scans in Madison Co.	Madison Co. Capture Rate
Chester	1113	982	131	11.8%	978	87.9%
Crockett	1273	1075	198	15.6%	1075	84.4%
Gibson	4636	4022	614	13.2%	4008	86.5%
Hardeman	1902	1211	691	36.3%	1211	63.7%
Haywood	1493	1029	464	31.1%	1029	68.9%
Henderson	2446	2024	422	17.3%	1673	68.4%
Madison	8243	7493	750	9.1%	7483	90.8%
Weakley	1375	546	829	60.3%	546	39.7%
<b>TOTAL</b>	<b>22,481</b>	<b>18,382</b>	<b>4099</b>	<b>18.2%</b>	<b>18,003</b>	<b>80.1%</b>

**MRI Service Destinations of PSA Patients - 2015**

County of Residence	Total MRIs Received	Scans Inside PSA	Scans Outside PSA	Outmigration Rate	Scans in Madison Co.	Madison Co. Capture Rate
Chester	1281	1136	145	11.3%	1127	88.0%
Crockett	1411	1212	199	14.1%	1212	85.9%
Gibson	4985	4362	623	12.5%	4362	87.5%
Hardeman	2164	1427	737	34.1%	1427	65.9%
Haywood	1602	1120	482	30.1%	1120	69.9%
Henderson	2569	2093	476	18.5%	1783	69.4%
Madison	8547	7671	876	10.2%	7667	89.7%
Weakley	2201	1357	844	38.3%	685	31.1%
<b>TOTAL</b>	<b>24,760</b>	<b>20,378</b>	<b>4382</b>	<b>17.7%</b>	<b>19,383</b>	<b>78.3%</b>

Source: HSDA Equipment Registry. According to staff, the relevant data from the Weakley County provider for the years '16 and '17 do not include destinations of service except for Madison County. The numbers above are as reported.

July 31st, 2018

Melanie Hill  
Executive Director  
Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Dedrick Street  
Nashville, TN 37243

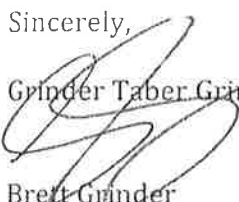
Re: Outpatient Imaging Center  
Jackson, Tennessee

Dear Ms. Hill:

Our firm has reviewed the construction cost indicated as \$3,870,000 for the referenced project and find the cost to be reasonable for the described scope of work. The construction costs have considered recent market conditions and inflation projections. We affirm to the best of our knowledge, the design intended for the construction of the referenced Facility will be in accordance with the following codes and standards. This list may not be entirely inclusive, but the intent is for all applicable codes and standards, state or local to be addressed during the design process.

- AIA guidelines for the Design and Construction of Healthcare Facilities
- International Building Code
- International Plumbing Code
- International Mechanical Code
- National Electric Code
- International Fire Code
- NFPA Life Safety Code 101
- Rules of Tennessee Department of Health and Environment Board For Licensing Healthcare Facilities
- Americans with Disabilities Act

Sincerely,

  
Grinder Taber Grinder,

Brett Grider  
Vice President

**Building is  
our foundation.**



August 1, 2018

Mr. Joe Jarratt  
Manager  
Cypress Realty Holdings Company III  
Memphis, Tennessee 38117

RE: Construction/Mini-Perm Financing for Proposed  
Medical Imaging Building in Jackson, TN

Dear Joe:

Financial Federal Bank is pleased to submit this term sheet for proposed construction and mini-perm financing for a proposed 12,000 square foot medical imaging building to be built in Jackson, Tennessee, subject to the following terms and conditions and formal loan committee approval:

Borrower:	A to-be-formed entity owned by Cypress Realty Holdings Company III and Mid-South Imaging & Therapeutics, P.A.
Guarantor:	To Be Determined
Loan Amount:	\$2,010,000.00 (limited to the lesser of 60% of cost or appraised value)
Collateral:	First lien on an approximate 1.5 acre tract of land and proposed 12,000 rentable square foot medical building in Jackson, Tennessee, leased to Mid-South Imaging and Therapeutics, P.A.
Interest Rate:	A) Floating rate of Prime Rate, no floor or ceiling; OR B) A five (5) year rate fixed at 250 bps over the 5-year CMT yield, pegged a week before closing.
Term/ Amortization:	5 years/25 years
Payment Schedule:	Payments of interest only for a period of twelve (12) months, then principal & interest payments based on a 25 year amortization.
Origination Fee:	.25%
Escrows:	Conditionally waived so long as timely payments for real estate taxes and insurance are made prior to delinquency.
Prepayment:	Open at Par except in the event of a refinance with another local bank at which time there will be a 1.00% prepayment penalty.

Third Party Inspections: All progress draws shall be approved by a third-party inspector chosen by Bank and of which shall be paid by Borrower.

Other: Standard documentation and requirements typical for commercial real estate construction loans, including, but not limited to, approval of contractor(s), bonding requirements, plans/specs, etc.

Financial Federal Bank is pleased to offer this term sheet and to have the opportunity to consider this request. If these recommended terms and conditions are acceptable to you, please sign below where indicated and we will move forward with formal approval and issuing our loan commitment.

Sincerely,



Steve A. Sutton  
EVP/Financial Federal Bank

Agreed to If Commitment Received As Represented Herein:

---

Joe Jarratt, Manager, Cypress Realty Holdings Company III



### Confidential Non-Binding Expression of Interest Letter

**Lender:** SunTrust ("Lender")

**Borrower:** Mid-South Imaging & Therapeutics PA ("Borrower")

**Facility:** 1) Revolving Line of Credit  
2) Term Loan

**Loan Amount:** 1) Up to \$750,000  
2) Up to \$4,260,000

**Purpose:** 1) Working capital and start-up costs  
2) Furniture, fixtures, improvements & equipment

**Fees:** 1) TBD  
2) TBD

**Loan Term:** 1) Demand  
2) Up to 60 months

**Repayment Schedule:** 1) Interest only payments due monthly. Principal and other amounts due on Demand.  
2) Fixed principal and interest payments due monthly over fully amortizing term.

**Interest Rate:** 1) TBD  
2) TBD

**Collateral:** All exposure to be secured by a first priority blanket lien security interest in all business assets of Borrower, including, but not limited to, accounts receivable, inventory, equipment, general intangibles, and all proceeds thereof.

**Financial Covenants:** Maintenance of the following financial covenants (with levels and definitions to be determined by Lender):

- Minimum debt service coverage ratio (EBITDA/total debt service)

**Treasury and  
Payment Services;  
Payments by**

**Auto Debit:** Borrower agrees (i) to maintain its primary operating account/all cash management treasury business with SunTrust Bank, including, without limitation, all deposit accounts, disbursement accounts and lockbox accounts and (ii) to execute an agreement authorizing Lender to debit a deposit account maintained by Borrower with SunTrust Bank for all amounts due under the loan.

**Other Terms and  
Conditions:**

Other usual and customary for transactions of this type.

This Letter is provided for discussion purposes as an expression of interest by Lender in the proposed financing, does



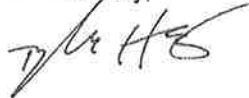
not contain all required terms and conditions and should not be construed to be, expressly or by implication, a commitment, an offer, an agreement in principle or an agreement by Lender to issue a commitment or to provide the proposed financing and, as such, Borrower shall be deemed to place no reliance on this Letter. The proposed financing is subject to standard credit underwriting and approval by Lender, which may not be forthcoming. This Letter constitutes the entire understanding between Lender and Borrower in connection with the proposed Loan as of the date hereof, supersedes any prior written or oral communications or understandings, and may be amended only by a writing signed by Lender. This Letter is unconditionally cancellable by Lender at any time, neither party shall have an express or implied duty to negotiate and either party may terminate negotiations at any time in their sole discretion, and partial performance or efforts to carry out other acts in contemplation of consummating the proposed Loan shall not, in isolation or in aggregate, be deemed evidence of intent by either party to be bound by the terms of this Letter. Neither Lender nor Borrower shall be deemed to have entered into, signed or executed binding documents evidencing the Loan by virtue of this or any other communication at any time prior to Lender's express acceptance of Loan documents prepared by Lender or its counsel. If Lender and Borrower enter into the proposed Loan, this Letter shall not survive any closing of the proposed Loan, and if there is a conflict between the terms of this Letter and any documents evidencing the Loan, the terms of the documents evidencing the Loan shall be controlling. This Letter is (i) not assignable, (ii) is confidential and neither Borrower nor any guarantor shall directly or indirectly disclose the Letter or its contents to any third party, (iii) is not intended to benefit any third party, and (iii) not an offer or recommendation to enter into any "swap" or trading strategy involving a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

The proposed financing, if approved, would remain conditioned on, inter alia, Lender's receipt of all documentation and matters Lender may require, including without limitation the following items, which must be satisfactory to Lender in its sole discretion: for Borrower and Guarantor(s), financial statements for prior three years (if available) and entity organizational documents; an explanation of economics among the ownership; and a schedule or organizational chart of ownership interests in the Borrower. Please provide this information within 10 days of your execution of this Letter. After reviewing the above items, Lender may determine that other information or documentation is needed to underwrite the proposed financing. Lender is hereby authorized to obtain information from creditors, credit bureaus and credit reporting agencies. Borrower certifies to Lender that all financial statements and other supporting documents submitted to Lender in connection with this Letter are true and correct in all material respects.

All costs incurred by Lender in connection with the proposed financing, including but not limited to, Lender's legal fees and expenses, appraisal and environmental costs and the like (collectively "Costs"), shall be paid by Borrower, whether or not the proposed financing is approved or closes, and your acknowledgement below authorizes Lender to proceed with same at your expense. Borrower shall be responsible for all fees and expenses including, without limitation, legal fees and expenses, incurred by Lender in enforcing its rights under this Letter. Borrower's obligation in respect of the costs and expenses referenced in this paragraph shall survive the cancellation or termination of this Letter.

Except as expressly set forth herein with regard to Borrower's obligation to pay Costs, this Letter is not intended to, and shall not, create a legally binding obligation on the part of Lender or Borrower, and your signature below confirms your understanding of this. Subject to the foregoing sentence, if you would like Lender to begin its underwriting and review process and to seek the appropriate credit approvals (which may not be forthcoming), please so advise by executing and returning a copy of this Letter, by August 31, 2018, or this Letter will be deemed withdrawn. This Letter may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same instrument. A signed counterpart of this Letter transmitted via facsimile, pdf or some other electronic means shall be as fully enforceable as the counterpart containing the original signature(s). If you have any questions in connection with this Letter, please contact me.

Yours sincerely,



Tyler Hollis  
Vice President, SunTrust Bank



Tyler Hollis  
Vice President  
SunTrust Bank  
Private Wealth Management  
Medical Specialty Group

July 19, 2018

Mid-South Imaging & Therapeutics, P.A  
7600 Wolf River Blvd, Ste 200  
Germantown, TN 38138

To: Brian Barbeito

This letter is to certify that Mid-South Imaging & Therapeutics, P.A (MSIT) has a \$1,000,000 operating line of credit with SunTrust Bank under Obligor: 0010939553-18 with full availability as of July 19, 2018. The line of credit is in good standing and has no restrictions for use by the practice for business purposes.

Please let me know if you have any other questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Tyler Hollis".

Tyler Hollis  
Vice President  
Medical Specialty Group

Tyler Hollis is a Registered Representative, SunTrust Investment Services, Inc. (STIS) Investment Adviser Representative, SunTrust Advisory Services, Inc. (STAS)

Investment and Insurance Products: • Are not FDIC or any other Government Agency Insured • Are not Bank Guaranteed • May Lose Value

SunTrust Private Wealth Management is a marketing name used by SunTrust Bank, SunTrust Banks Trust Company (Cayman) Limited, SunTrust Delaware Trust Company, STIS and STAS, which are each affiliates of SunTrust Banks, Inc. Banking and trust products and services, including investment management products and services, are provided by SunTrust Bank and SunTrust Delaware Trust Company. Securities and insurance (including annuities) are offered by STIS, a SEC registered broker-dealer, member FINRA, SIPC, and a licensed insurance agency. Investment advisory services are offered by STAS, a SEC registered investment adviser.

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF SHELBY

Brian M. Barbeito, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

B. Barbeito CEO  
SIGNATURE/TITLE

Sworn to and subscribed before me this 14<sup>th</sup> day of August, 2018 a Notary  
(Month) (Year)

Public in and for the County/State of Shelby TN

Debbie Harris  
NOTARY PUBLIC

My commission expires 12 / 04, 2018  
(Month/Day) (Year)





## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243  
[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

September 1, 2018

Jerry Taylor, Esq.,  
Burr & Forman, LLP  
222 Second Avenue South, Suite 2000  
Nashville, TN 37201

RE: Certificate of Need Application – Mid-South Imaging & Therapeutics, P.A. - CN1807-036  
The establishment of an Outpatient Diagnostic Center (ODC), initiation of MRI services, and acquisition of a new fixed 1.5 Tesla MRI unit in a 15,000 SF building to be constructed at an unaddressed site on the east side of Exeter Road, approximately 250 feet south of its intersection with Oil Well Road, Jackson (Madison County), TN. The proposed ODC will also offer CT, ultrasound, and X-ray, including fluoroscopy. The applicant is owned by Mid-South Imaging and Therapeutics, PA. The estimated project cost is \$8,680,632.73.

Dear Mr. Taylor:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health, Division of Policy, Planning, and Assessment for Certificate of Need review. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is [Trent.Sansing@tn.gov](mailto:Trent.Sansing@tn.gov) or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project began on September 1, 2018. The first 60 days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on December 12, 2018.

Mr. Taylor  
Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Melanie M. Hill" followed by a stylized flourish or initial.

Melanie M. Hill  
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

#### MEMORANDUM

TO: Trent Sansing, CON Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Andrew Johnson Tower, 2nd Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243

FROM: Melanie M. Hill *MMH/MF*  
Executive Director

DATE: September 1, 2018

RE: Certificate of Need Application  
Mid-South Imaging & Therapeutics, P.A. - CN1807-036

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on September 1, 2018 and end on November 1, 2018.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Jerry Taylor





2018 AUG 10 10 00 AM

## LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in The Jackson Sun which is a newspaper of general circulation in Madison County, Tennessee, on or before August 10, 2018 for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Mid-South Imaging Center, to be owned and managed by Mid-South Imaging & Therapeutics, P.A., a Tennessee Professional Association, intends to file an application for a Certificate of Need for the establishment of an Outpatient Diagnostic Center, the initiation of Magnetic Resonance Imaging (MRI) services, and the addition of an MRI unit to the service area. Services to be provided in addition to MRI include CT, Ultrasound, and X-Ray including Fluoroscopy. Other imaging services may be added in the future as necessary. The imaging center will be located on a currently unaddressed site on the east side of Exeter Road, approximately 250 feet south of its intersection with Oil Well Road in Jackson, Madison County. The imaging center will be licensed as an Outpatient Diagnostic Center by the Tennessee Board for Licensing Health Care Facilities. The total estimated project cost is \$8,700,000.00.

The anticipated date of filing the application is August 15, 2018.

The contact person for this project is Jerry W. Taylor, Attorney who may be reached at: Burr & Forman, LLP, 222 Second Avenue South, Suite 2000, Nashville, Tennessee, 37201, telephone number: 615-724-3247; email address: [jtaylor@burr.com](mailto:jtaylor@burr.com)

Signature 

Date 8-9-18

The published Letter of Intent contains the following statement: Pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====

\*



# Supplemental #1 (Original)

Mid-South Imaging Center

CN1808-036

AUG 24 '18 PM 12:23

Supplemental #1

**August 24, 2018**

**12:23 P.M.**

**SUPPLEMENTAL RESPONSES**

**CERTIFICATE OF NEED APPLICATION**

**FOR**

**MID-SOUTH IMAGING CENTER**

**The Establishment of an Outpatient Diagnostic Center  
and the Initiation of MRI Services**

**Madison County, Tennessee**

**Project No. CN1808-036**

**August 24, 2018**

**Contact Person:**

**Jerry W. Taylor, Esq.  
Burr & Forman, LLP  
222 Second Avenue South, Suite 2000  
Nashville, Tennessee 37201  
615-724-3247**

**1. Section A: Applicant Profile, Item 1, Name of Facility, Agency or Institution**

It is noted the applicant's proposed project will be located in Madison County. However, the applicant lists the county location as Jackson County. Please correct and submit a replacement page 1 (labeled as 1R).

The ZIP code of 37219 for the project's contact is noted. However, the ZIP code is listed as 37201 in the Letter of Intent. Please correct and include the change in replacement page 1.

Replacement page 1 with both corrections made is attached following this response.



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

**Supplemental #1**

**August 24, 2018**

**12:23 P.M.**

## **CERTIFICATE OF NEED APPLICATION**

### **SECTION A: APPLICANT PROFILE**

#### **1. Name of Facility, Agency, or Institution**

Mid-South Imaging Center  
Name

Unaddressed site: Lot on the east side of Exeter Road, approx. 250 feet south of its intersection  
with Oil Well Road  
Street or Route

Madison  
County

Jackson  
City

TN  
State

38305  
Zip Code

Website address: \_\_\_\_\_

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

#### **2. Contact Person Available for Responses to Questions**

Jerry W. Taylor  
Name

Attorney  
Title

Burr & Forman, LLP  
Company Name

jtaylor@burr.com  
Email address

222 Second Avenue South Suite 2000  
Street or Route

Nashville  
City

TN  
State

37201  
Zip Code

Attorney  
Association with Owner

615-724-3247  
Phone Number

615-724-3248  
Fax Number

**NOTE:** **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and the Quality Measures.

Please answer all questions on **8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

Supplemental Responses  
Mid-South Imaging Center  
Project No. CN1808-036  
Page 2

**2. Section A: Executive Summary, A. Overview 1) Description**

**Please clarify what type of other imaging services that may be added at a future date as noted in the Letter of Intent.**

The referenced language in the Letter of Intent is not meant to reflect an intent to initiate any specific service at any specific time, but reflects the flexibility for future, currently unknown imaging options.

**3. Section A: Executive Summary, A. Overview 2) Ownership Structure**

**Please identify the physicians in the P.A. and document their board certifications including the sub-specialties noted in the Description.**

A roster of MSIT physicians with board certifications and sub-specialties noted is attached following this response.

LAST NAME	FIRST NAME	DEGREE	BOARD CERTIFICATION #1	BOARD CERTIFICATION #2	SPECIALTY
Becker	Daniel	MD	American Board of Radiology (ABR)	American Board of Vascular Medicine (ABVM)	Peripheral Interventional Radiology
Berger	Jonathan	MD	American Board of Radiology (ABR)	American Board of Radiology - Pediatric Radiology	Pediatric Radiology
Bhakoo	Amit	MD	American Board of Radiology (ABR)	N/A	Peripheral Interventional Radiology
Bruno	Christopher	MD	American Board of Radiology (ABR)	N/A	Musculoskeletal Radiology
Craven	Daniel	MD	American Board of Radiology (ABR)	American Board of Nuclear Medicine	Nuclear Medicine
Dalsania	Henry	MD	American Board of Radiology (ABR)	American Board of Radiology - Vascular & Interventional Radiology	Peripheral Interventional Radiology
Didier	Scott	MD	American Board of Radiology (ABR)	American Board of Radiology - Neuroradiology	Neuroradiology
Eisenberg	Alan	MD	American Board of Radiology (ABR)	American Board of Radiology - Neuroradiology	Body Imager
Elizey	John	MD	American Board of Radiology (ABR)	N/A	Musculoskeletal Radiology
Gallimore	George	MD	American Board of Radiology (ABR)	N/A	Body Imaging
Garner	Dewey	MD	American Board of Radiology (ABR)	N/A	Body Imaging
Gulla	Shannon	MD	American Board of Radiology (ABR)	N/A	Cardiothoracic Imaging
Horras	Randy	MD	American Board of Radiology (ABR)	N/A	Body Imaging
Jones	David	MD	American Board of Radiology (ABR)	N/A	Peripheral Interventional Radiology
Krisle	Joe	MD	American Board of Radiology (ABR)	N/A	Body Imaging
Lewis	Errol	MD	American Board of Radiology (ABR)	N/A	Body Imaging
Lipman	Gregory	MD	American Board of Radiology (ABR)	N/A	Body Imaging / Pediatric Radiology
Machin	Craig	MD	American Board of Radiology (ABR)	American Board of Nuclear Medicine	Nuclear Medicine
Martineau	James	MD	American Board of Radiology (ABR)	N/A	Body Imaging
McLeod	David	DO	American Board of Radiology (ABR)	American Board of Radiology - Neuroradiology	Neuroradiology
Morris	Alan	MD	American Board of Radiology (ABR)	N/A	Body Imaging
Nauert	Stephen	MD	American Board of Radiology (ABR)	American Board of Radiology - Neuroradiology	Neuro-Interventional Radiology
Ottican	Timothy	MD	American Board of Radiology (ABR)	American Board of Radiology - Neuroradiology	Neuroradiology / ENT Radiology
Owen	Robert	MD	American Board of Radiology (ABR)	N/A	Cardiac Imaging
Parthasarathy	Virginia	MD	American Board of Radiology (ABR)	American Board of Radiology - Nuclear Medicine	Nuclear Medicine
Smith	Ranganathan	MD	American Board of Radiology (ABR)	American Board of Nuclear Medicine	Nuclear Medicine
Stanfill	Adam	MD	American Board of Radiology (ABR)	American Board of Radiology - Neuroradiology	Neuroradiology
Sullivan, III	John	MD	American Board of Radiology (ABR)	N/A	Musculoskeletal Radiology
Tanner	Joseph	MD	American Board of Radiology (ABR)	American Board of Radiology - Neuroradiology	Neuroradiology
Thomas, Jr.	Paul	MD	American Board of Radiology (ABR)	N/A	Body Imaging
Tiner	Lloyd	MD	American Board of Radiology (ABR)	N/A	Body Imaging
Tonkin	Eric	MD	American Board of Radiology (ABR)	American Board of Radiology - Neuroradiology	Neuroradiology
Tonkin	Allen	MD	American Board of Radiology (ABR)	N/A	Body Imager / Nuclear Medicine
Umphrey	Keith	MD	American Board of Radiology (ABR)	N/A	Cardiovascular Imaging
Witte	Heidi	MD	American Board of Radiology (ABR)	American Board of Pathology (ABP)	Women's Imaging
Winblad	Dexter	MD	American Board of Radiology (ABR)	N/A	Musculoskeletal Radiology
Easterwood	James	MD	American Board of Radiology (ABR)	N/A	Peripheral Interventional Radiology
King	Catherine	NP	American Academy of Nurse Practitioners		Mid-Level Provider
Stone	Jennifer	NP	American Academy of Nurse Practitioners		Mid-Level Provider
	Tyson	NP	American Academy of Nurse Practitioners		Mid-Level Provider

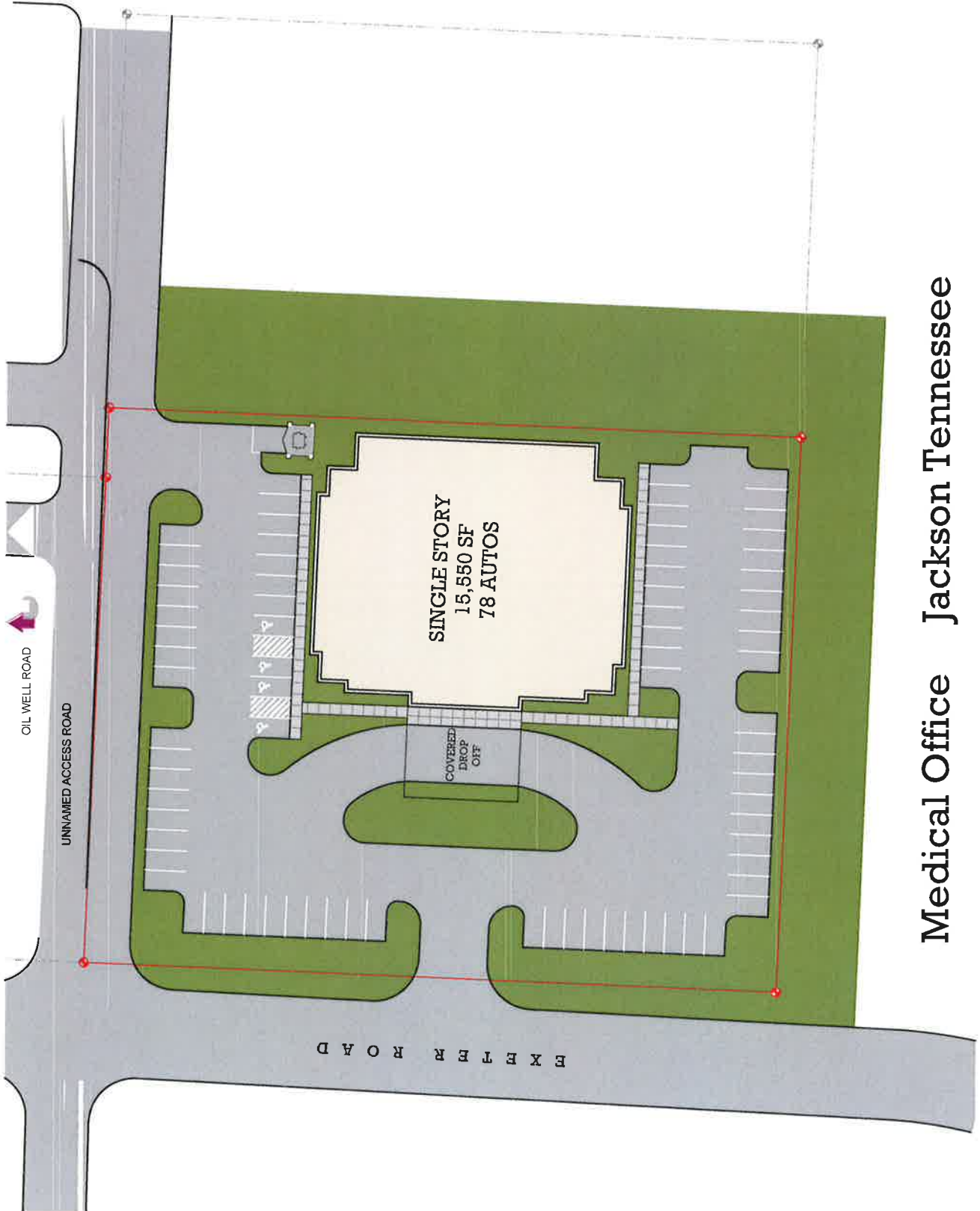
**4. Section A, Project Details, Item 6 B (1) (Plot Plan) and 6 B (3) (Transportation Routes)**

**Please provide a copy of the plot plan that includes the outline of the proposed structure and parking area.**

A preliminary site plan showing the building and parking footprint is attached following this response. The square footage reflected on this drawing is slightly different from that in the Square Footage Chart because there have been several different versions of the floor plan considered, and this drawing was not updated to the current approximately 15,000 square foot model.

**It is noted the nearest bus stop is 0.3 miles from the proposed Mid-South Imaging Center location. Please clarify if there is a side walk from the bus stop to the proposed ODC. If not, what type of accommodations will be available for patients who may use public transportation for the remaining 0.3 miles?**

Public transportation is available to patients to access services at the proposed Mid-South Imaging Center location via the Jackson Transit Authority's North Side bus route or through the Jackson Transit Authority's LIFT program. The nearest bus stop to the proposed Mid-South Imaging Center location is located at the intersection of Oil Well Road and Stonebrook Place, which is approximately 0.3 miles from the proposed Mid-South Imaging Center location. A sidewalk exists allowing a patient utilizing public transportation to walk from the bus stop to the proposed Mid-South Imaging Center. Patients who have special transportation needs may utilize the Jackson Transit Authority's LIFT program and may make reservations for round trip pick up and drop off from their residence to the Mid-South Imaging Center. The LIFT program specifically provides Americans with Disability Act (ADA) services, and the LIFT facilities are configured with regular seats, wheelchair stations, and a wheelchair lift.



Medical Office Jackson Tennessee



**5. Section A, Executive Summary, Overview (13) (MRI)**

The MRI equipment quotes located in Attachment Section A.13.B is noted. However, the documents appear to expire prior to the December 2018 Agency meeting. If needed, please revise.

Please provide a copy of the MRI maintenance contract (noted as 4 years @ \$478,400 on page 30).

The maintenance agreement quote is the last page of Attachment Section A, 13, B submitted with the application. Another copy is attached following this response. Both the MRI quote and the maintenance agreement quote have an expiration date of 11/06/18. A Price Hold Letter from G.E. extending the price quotes to January 1, 2019 is attached following this response.

Please provide a breakdown of the MRI cost of \$1,741,404 (Equipment, Maintenance Contract, etc.).

Equipment: \$1,263,004  
Maintenance Contract (4 years @ \$119,600) = \$478,400  
Total = \$1,741,404

**August 24, 2018****12:23 P.M.****PRICE HOLD LETTER**

This Price Hold Letter ("PHL") is entered into as of August 22, 2018, by and between Mid South Imaging & Therapeutics PA with an address at 7600 Wolf River Blvd., Suite 200, Germantown, TN 38138 ("Customer") and General Electric Company, by and through its GE Healthcare division with an address at 9900 Innovation Drive, Wauwatosa, WI 53226 ("GE Healthcare").

WHEREAS, GE Healthcare has provided Customer with those certain Quotation #s PR14-C48799 v1, dated August 8, 2018 ("Equipment Quotation") and 6918BF2 ("Service Quotation") (collectively the "Quotations") concerning GE Healthcare's desire to sell to Customer, and Customer's agreement to purchase from GE Healthcare, certain GE Healthcare products and/or services listed on the Quotations in accordance with the terms and conditions set forth on such Quotations (each an "Agreement" and collectively the "Agreements"); and

WHEREAS, the parties now desire to amend and/or supplement the Agreements in accordance with the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises and the representations and mutual undertakings hereinafter set forth, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to the foregoing and as follows:

1. GE Healthcare agrees to amend the Quotation to extend the expiration date and hold pricing on the products or services found in the Quotation(s) at the prices outlined in such Quotation(s) until January 1, 2019.

IN WITNESS WHEREOF, Customer and GE Healthcare have caused this PHL to be executed by their duly authorized representatives as of the day and year first above written.

**Mid South Imaging & Therapeutics PA**Signature: Print Name: Brian BorboiteTitle: Chief Executive OfficerDate: 08/22/2018**GE Healthcare**Signature: Print Name: Garrett ShawTitle: Imaging Account ManagerDate: 8/23/2018

**Supplemental #1****August 24, 2018****12:23 P.M.****GE Healthcare Service Quotation**AGREEMENT# \_\_\_\_\_ BILLING ACCOUNT# 303528 QUOTATION ID# 69188F2Customer Information: Name: Mid-South Imaging & Therapeutics PA  
Address: 7600 Wolf River Blvd Ste 200  
City: Germantown State: TN Zip: 38138Customer Billing Information: Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_Is the above billing address correct? ☐ Yes ☐ No If no, please provide the correct billing address below:Customer Billing Information: Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Please provide the contact name and email address of the following person(s):

	Contact Name:	Email address:
1. To be notified when this Agreement is processed:	_____	_____
2. To receive all invoices electronically via email:	_____	_____

Term\*: 48 months Agreement Start Date\*\*: End of WarrantyBilling Frequency: Monthly - Advance

Payment Schedule\*\*\*: \_\_\_\_\_

The following payments have non-date effective dates:

\$6,942.92 Monthly - Advance, Effective at End of Warranty

\$483.33 Monthly - Advance, Effective at End of Warranty

\$2,540.42 Monthly - Advance, Effective at End of Warranty

Payment Terms: Net 30 days of invoice dateElectronic Funds Transfer Authorized: ☐ Yes ☐ NoQuotation Expiration Date: November 06, 2018PO Requirement: ☐ Yes ☐ No

PO #: \_\_\_\_\_ PO Expiration Date: \_\_\_\_\_

Service Sales Rep.: Joshua Caillavet

Email: [joshua.caillavet@ge.com](mailto:joshua.caillavet@ge.com)

Phone: 504.810.6207

Tax Status: Initial to indicate tax status:

\_\_\_\_ Exempt from sales and use tax (Note: GE Healthcare must have a current tax exemption certificate)

\_\_\_\_ Subject to sales and use tax

\*TERM: Automatically renews for additional 12-month periods unless either party provides at least 60 days' written notice prior to the expiration date.

\*\*AGREEMENT START DATE: The "Agreement Start Date" begins on: (a) the above date if Customer signs and returns this Agreement within 15 calendar days of that date; or (b) the date of signature if Customer does not sign and return this Agreement within 15 calendar days of the above date.

ANNUAL CHARGES: See Product Schedule for annual charges, offerings, coverage, and start dates for each Product. Charges are based on Product inventory, offerings, and coverage as of the Agreement Start Date and may change to reflect inventory and coverage modifications, variable charges and other adjustments as specified in this Agreement.

\*\*\*PAYMENT SCHEDULE: Charges are payable in installments as set forth above plus applicable taxes. These charges may change based on Product additions/deletions, inflation adjustments or other modifications permitted by this Agreement. Customer will be billed beginning on the Agreement Start Date. Payment is due the first of each month. If the Agreement Start Date is not the first of the month, the first and last payments will be prorated.

AGREEMENT: This Agreement is between the "Customer" identified above and General Electric Company, through its division, GE Healthcare ("GE Healthcare"), for the sale and purchase of the Services identified in this Quotation, together with any applicable schedules referred to herein ("Quotation"). "Agreement" is defined as the GE Healthcare (1) Quotation; (2) Product Schedule; (3) Statement of Service Deliverables; and (4) Service Terms & Conditions, that apply to the Products and/or Services identified in this Quotation. In the event of conflict, the order of precedence is as listed. GE Healthcare can withdraw this Quotation at any time before "Quotation Acceptance", which occurs when Customer either: (i) signs and returns this Quotation or (ii) provides evidence of Quotation acceptance satisfactory to GE Healthcare. On Quotation Acceptance, this Agreement is the complete and final agreement of the parties relating to the Services identified in this Quotation. There is no reliance on any terms other than those expressly stated or incorporated by reference in this Agreement and, except as permitted in this Agreement, no attempt to modify will be binding unless agreed to in writing by the parties. Modifications may result in additional fees and cannot be made without GE Healthcare's prior written consent.

**August 24, 2018**

**12:23 P.M.**

Handwritten or electronic modifications on this Agreement (except signatures on the signature blocks below) are void. This Agreement is not part of an umbrella or other group purchasing agreement unless otherwise indicated.

The parties have caused this Agreement to be executed by their authorized representative as of the last signature date below.

**Customer**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**General Electric Company, through its division, GE Healthcare**

Signature: Joshua Caillavet \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: HSAM \_\_\_\_\_

Date: 8/6/2018 \_\_\_\_\_

## Mid-South Imaging &amp; Therapeutics PA

Support and prices quoted below are valid provided the customer signs and returns this quote to GE Healthcare by 10/5/2018

Equipment Identifiers	Trans. Type	Equipment	Effective Date	Offering	Options	Features	Annual Amount
System ID: TBD MR Artist Phy Loc Acct: TBD	ADD POS	GE MR 1.5T SIGNA ARTIST (M#SSA)	End of Warranty through End of Agreement	AssurePoint Standard	<b>INCLUDED:</b> <ul style="list-style-type: none"> <li>• APM Predict: OnWatch</li> <li>• GE SUPPLIED COILS</li> <li>• ILINQ RESPONSE TIME: 30 MIN.</li> <li>• SPECTROSCOPY</li> <li>• SYSTEM USAGE: Up to 0002000 Patients</li> <li>• TDI COIL SUITE INCL. PATIENT TABLE</li> </ul> <b>EXCLUDED:</b> <ul style="list-style-type: none"> <li>• CHILLER COVERAGE</li> <li>• Continuity</li> <li>• MAGNET MAINTENANCE &amp; CRYOGEN</li> <li>• PERIPHERAL DEVICES</li> <li>• Printers</li> <li>• Sentinel Breast Imaging Table</li> <li>• UNINTERRUPTED POWER SUPPLY</li> <li>• WORKSTATION</li> </ul>	<ul style="list-style-type: none"> <li>• FE Coverage Weekdays: MON-FRI, 8AM-5PM</li> <li>• FE Coverage Weekend: NO COVERAGE HRS</li> <li>• FE Onsite Response Time: 4-Hours</li> <li>• iCenter</li> <li>• InSite Response: 30</li> <li>• InSite/Tech Phone Support</li> <li>• MR Touch: Excluded</li> <li>• PM Coverage HOURS/DAYS: MON-FRI, 8AM-5PM</li> <li>• Repair Parts: Included, Next Day 10:30 AM LST-MR</li> <li>• Software and Quality Updates</li> <li>• TIP Answer Line</li> <li>• TIP-Ed Online(TV) Subscription</li> <li>• Uptime Commitment: 97%</li> <li>• ViosWorks HW: Excluded</li> </ul>	\$83,315
System ID: TBD MR Dimplex Chiller Phy Loc Acct: TBD	ADD POS	DIMPLEX MV PR DIMPLEX WO2- 5000 CHILLER (20 TON) (SDI020)	End of Warranty through End of Agreement	AssurePoint Standard	<b>INCLUDED:</b> <ul style="list-style-type: none"> <li>• CHILLER AGE: CHILLER AGE &lt;10 YEARS</li> </ul> <b>EXCLUDED:</b> <ul style="list-style-type: none"> <li>• City Water Bypass or Other H/W</li> <li>• R22 Refrigerant</li> </ul>	<ul style="list-style-type: none"> <li>• FE Coverage Weekdays: MON-FRI, 8AM-5PM</li> <li>• FE Onsite Response Time: 24 Hours</li> <li>• PM Coverage HOURS/DAYS: MON-FRI, 8AM-5PM</li> <li>• Repair Parts: Included, Next Day 10:30 AM LST-GENERAL</li> </ul>	\$5,800
System ID: TBD MR Cryogen Phy Loc Acct: TBD	ADD POS	GE MR MR MAGNET MAINTENANCE AND CRYOGEN (MSC28Z)	End of Warranty through End of Agreement	Magnet Maintenance and Cryogen	<b>INCLUDED:</b> <ul style="list-style-type: none"> <li>• APM Predict: OnWatch</li> <li>• MAGNET: 0.5T, 1.0T, 1.5T (NON-TWIN)</li> </ul>	<ul style="list-style-type: none"> <li>• FE Coverage Weekdays: MON-FRI, 8AM-5PM</li> <li>• InSite/Tech Phone Support</li> <li>• Parts Shipping: Included, Next Day 10:30 AM LST-GENERAL</li> </ul>	\$30,485

NET ANNUAL VALUE:

\$119,600

Customer:

GE Healthcare:

Approved By: \_\_\_\_\_

Title: \_\_\_\_\_

Approved By: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**6. Section B, Need, Project Specific Review Criteria, Item 1.A.**

**What is the MRI procedure projection for Year Three?**

The projected number of MRI scans in Year 3 is 3,129.

**7. Section B, Need, Project Specific Review Criteria, Item 2 (Access to MRI Units).**

**Complete the following table of drive times and distances from major cities in each of the proposed service area counties to the proposed project's site and a second table identifying the distances from these cities to the location of MSIT imaging centers in Shelby County.**

The information requested is reflected in one consolidated table below. The only MSIT-affiliated ODC in Shelby County is the Wolf River Imaging Center in Germantown. The distances to that facility are shown.

City	County	Distance to MSIC Site	Travel Time to MSIC Site	Distance to WRIC (MSIT affiliated ODC in Shelby Co.)	Total County Population	% of Service Area Population
Henderson	Chester	24.3 miles	38 min.	98.4 miles	17,648	6.2%
Alamo	Crockett	19.4 miles	24 min.	68.0 miles	14,449	5.1%
Trenton	Gibson	24.0 miles	32 min.	95.5 miles	49,803	17.5%
Bolivar	Hardeman	33.5 miles	49 min.	56.4 miles	25,206	8.9%
Brownsville	Haywood	26.6 miles	32 min.	51.0 miles	17,594	6.2%
Lexington	Henderson	30.1 miles	34 min.	98.4 miles	28,086	9.9%
Jackson	Madison	7.4 miles	16 min.	75.3 miles	98,244	34.6%
Martin	Weakley	50.9 miles	62 min.	122.0 miles	33,241	11.7%
Total					284,271	100%

Sources: Google Maps and Map Source

**8. Section B, Need. Item C**

**Please complete the following table for projected MRI procedures.**

Projected MRIs Year 1:

Service Area Counties	Projected Utilization- County Residents	% of total procedures
Chester	47.7	2%
Crockett	47.7	2%
Gibson	429.1	18%
Hardeman	47.7	2%
Haywood	47.7	2%
Henderson	47.7	2%
Madison	1,668.8	70%
Weakley	47.7	2%
<b>Total</b>	<b>2,384</b>	<b>100%</b>

**9. Section B, Economic Feasibility Item A.5 (Architect's Letter)**

It is noted the architect's letter indicates construction cost in the amount of \$3,870,000. However, the Project Cost Chart indicates total construction costs of \$3,985,987. Please clarify.

A revised letter from the General Contractor with the estimated construction cost of \$3,895,987, which matches the amount on Line A, 5 of the Project Costs Chart is attached following this response.

**Are all the costs associated with the MRI equipment including installation of the equipment included in the Project Costs Chart? If not, please make the necessary adjustments.**

Yes, all costs associated with the MRI equipment, including the installation, are included on the Project Costs Chart.

August 24, 2018

12:23 P.M.



July 31st, 2018

Melanie Hill  
Executive Director  
Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Dedrick Street  
Nashville, TN 37243

Re: Outpatient Imaging Center  
Jackson, Tennessee

Dear Ms. Hill:

Our firm has reviewed the construction cost indicated as \$3,895,987 for the referenced project and find the cost to be reasonable for the described scope of work. The construction costs have considered recent market conditions and inflation projections. We affirm to the best of our knowledge, the design intended for the construction of the referenced Facility will be in accordance with the following codes and standards. This list may not be entirely inclusive, but the intent is for all applicable codes and standards, state or local to be addressed during the design process.

- AIA guidelines for the Design and Construction of Healthcare Facilities
- International Building Code
- International Plumbing Code
- International Mechanical Code
- National Electric Code
- International Fire Code
- NFPA Life Safety Code 101
- Rules of Tennessee Department of Health and Environment Board For Licensing Healthcare Facilities
- Americans with Disabilities Act

Sincerely,

Grinder Taber Grinder,

Brett Grinder  
Vice President

**Building is  
our foundation.**



**10. Section B, Economic Feasibility Item B, Funding**

**It appears the funding sources for the proposed project equals \$8,020,000. However, the funding sources does not cover \$660,000 of remaining project cost. Please explain.**

As explained in the application, the building and land will be secured through a lease to the applicant. The total cost of land acquisition and construction, however, is greater than the total of the lease payments through the initial term of the lease. For this reason the higher costs are reflected in Section A of the Project Cost Chart, but those land acquisition and construction costs will be borne by the building owner and landlord/lessor, not the applicant.

The actual out of pocket capital cost to be borne by the applicant (not including land and building costs) is approximately \$3,261,571. This will easily be covered by the term loan and revolving line of credit from SunTrust (up to \$5,010,000). In addition, MSIT has an existing \$1 million line of credit from SunTrust, which is also verified by a letter from SunTrust submitted with the application.

**The funding letter from SunTrust for the Revolving Line of Credit and Term Loan is noted. However, it appears the proposal is only good until August 31, 2018, please clarify.**

A revised letter from SunTrust with an expiration date of December 31, 2018 is attached following this response.



**Confidential Non-Binding Expression of Interest Letter**

**Lender:** SunTrust ("Lender")

**Borrower:** Mid-South Imaging & Therapeutics PA ("Borrower")

**Facility:** 1) Revolving Line of Credit  
2) Term Loan

**Loan Amount:** 1) Up to \$750,000  
2) Up to \$4,260,000

**Purpose:** 1) Working capital and start-up costs  
2) Furniture, fixtures, improvements & equipment

**Fees:** 1) TBD  
2) TBD

**Loan Term:** 1) Demand  
2) Up to 60 months

**Repayment Schedule:** 1) Interest only payments due monthly. Principal and other amounts due on Demand.  
2) Fixed principal and interest payments due monthly over fully amortizing term.

**Interest Rate:** 1) TBD  
2) TBD

**Collateral:** All exposure to be secured by a first priority blanket lien security interest in all business assets of Borrower, including, but not limited to, accounts receivable, inventory, equipment, general intangibles, and all proceeds thereof.

**Financial Covenants:** Maintenance of the following financial covenants (with levels and definitions to be determined by Lender):

- Minimum debt service coverage ratio (EBITDA/total debt service)

**Treasury and Payment Services;**  
**Payments by Auto Debit:** Borrower agrees (i) to maintain its primary operating account/all cash management treasury business with SunTrust Bank, including, without limitation, all deposit accounts, disbursement accounts and lockbox accounts and (ii) to execute an agreement authorizing Lender to debit a deposit account maintained by Borrower with SunTrust Bank for all amounts due under the loan.

**Other Terms and Conditions:** Other usual and customary for transactions of this type.

This Letter is provided for discussion purposes as an expression of interest by Lender in the proposed financing, does not contain all required terms and conditions and should not be construed to be, expressly or by implication, a

**August 24, 2018**

**12:23 P.M.**

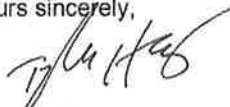
commitment, an offer, an agreement in principle or an agreement by Lender to issue a commitment or to provide the proposed financing and, as such, Borrower shall be deemed to place no reliance on this Letter. The proposed financing is subject to standard credit underwriting and approval by Lender, which may not be forthcoming. This Letter constitutes the entire understanding between Lender and Borrower in connection with the proposed Loan as of the date hereof, supersedes any prior written or oral communications or understandings, and may be amended only by a writing signed by Lender. This Letter is unconditionally cancellable by Lender at any time, neither party shall have an express or implied duty to negotiate and either party may terminate negotiations at any time in their sole discretion, and partial performance or efforts to carry out other acts in contemplation of consummating the proposed Loan shall not, in isolation or in aggregate, be deemed evidence of intent by either party to be bound by the terms of this Letter. Neither Lender nor Borrower shall be deemed to have entered into, signed or executed binding documents evidencing the Loan by virtue of this or any other communication at any time prior to Lender's express acceptance of Loan documents prepared by Lender or its counsel. If Lender and Borrower enter into the proposed Loan, this Letter shall not survive any closing of the proposed Loan, and if there is a conflict between the terms of this Letter and any documents evidencing the Loan, the terms of the documents evidencing the Loan shall be controlling. This Letter is (i) not assignable, (ii) is confidential and neither Borrower nor any guarantor shall directly or indirectly disclose the Letter or its contents to any third party, (iii) is not intended to benefit any third party, and (iii) not an offer or recommendation to enter into any "swap" or trading strategy involving a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

The proposed financing, if approved, would remain conditioned on, inter alia, Lender's receipt of all documentation and matters Lender may require, including without limitation the following items, which must be satisfactory to Lender in its sole discretion: for Borrower and Guarantor(s), financial statements for prior three years (if available) and entity organizational documents; an explanation of economics among the ownership; and a schedule or organizational chart of ownership interests in the Borrower. Please provide this information within 10 days of your execution of this Letter. After reviewing the above items, Lender may determine that other information or documentation is needed to underwrite the proposed financing. Lender is hereby authorized to obtain information from creditors, credit bureaus and credit reporting agencies. Borrower certifies to Lender that all financial statements and other supporting documents submitted to Lender in connection with this Letter are true and correct in all material respects.

All costs incurred by Lender in connection with the proposed financing, including but not limited to, Lender's legal fees and expenses, appraisal and environmental costs and the like (collectively "Costs"), shall be paid by Borrower, whether or not the proposed financing is approved or closes, and your acknowledgement below authorizes Lender to proceed with same at your expense. Borrower shall be responsible for all fees and expenses including, without limitation, legal fees and expenses, incurred by Lender in enforcing its rights under this Letter. Borrower's obligation in respect of the costs and expenses referenced in this paragraph shall survive the cancellation or termination of this Letter.

Except as expressly set forth herein with regard to Borrower's obligation to pay Costs, this Letter is not intended to, and shall not, create a legally binding obligation on the part of Lender or Borrower, and your signature below confirms your understanding of this. Subject to the foregoing sentence, if you would like Lender to begin its underwriting and review process and to seek the appropriate credit approvals (which may not be forthcoming), please so advise by executing and returning a copy of this Letter, by December 31, 2018, or this Letter will be deemed withdrawn. This Letter may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same instrument. A signed counterpart of this Letter transmitted via facsimile, pdf or some other electronic means shall be as fully enforceable as the counterpart containing the original signature(s). If you have any questions in connection with this Letter, please contact me.

Yours sincerely,



Tyler Hollis

Vice President, SunTrust Bank

# 11. Section B, Economic Feasibility Item. D (total Facility-Projected Data Chart)

Please provide a breakdown of the utilization data by modality.

Year 1, Total Facility

MRI	2,384
CT	5,415
Flourosocopy	782
Ultrasound	1,038
XRay	1,726
Total	11,345

# 12. Section B., Economic Feasibility, Item E..3.

Please also include a comparison to HSDA Equipment Registry MRI range of charges in the response to this question (1<sup>st</sup> Quartile, Median, 3<sup>rd</sup> Quartile).

The applicant's projected average gross charge for Year 1 is \$1,418.77. This is below the 1st Quartile of average gross charges for MRIs in 2016 (the most recent year available in the HSDA Equipment Registry).

Applicant's average gross charge: **\$1,418.77**

Gross Charges by Procedure/Treatment by Quartiles 2016:

<u>1st Quartile</u>	<u>Median</u>	<u>3rd Quartile</u>
<b>\$1,779.72</b>	<b>\$2,474.23</b>	<b>\$4,238.86</b>

Source: HSDA Medical Equipment Registry - 7/17/2017

# 13. Section B, Economic Feasibility Item G

A table showing the estimated payor mix for Year 1, revised from the table in the filed application to also reflect a charity care allowance (shown as a deduction from gross revenue on the Projected Data Chart) is reflected below.

**Applicant's Projected MRI Payor Mix, Year 1**

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$6,846,085	61.3%
TennCare/Medicaid	\$938,126	8.4%
Commercial/Other Managed Care	\$2,557,510	22.9%
Self-Pay	\$156,354	1.4%
Charity Care*	\$33,305	0.3% of gross

<b>Other (Specify) See Below</b>		
<b>Tricare/Champus/VA</b>	\$301,540	2.7%
<b>Workers' Compensation</b>	\$290,372	2.6%
<b>Employer Sponsored Programs</b>	\$78,177	0.7%
<b>Total</b>	\$11,168,164	100%

\*The allowance for Charity Care is not revenue, and therefore is not counted in the total revenue in the above table. Likewise, Charity Care is not a payor and therefore is not included in the total payor source % breakdown in the table above.

#### **14. Section B, Orderly Development Item F.1**

**Please provide a copy of the unaudited financial statements referenced in Attachment Section B, Economic Feasibility, F.2.**

A copy of the financial statements which was inadvertently omitted from the filed application are attached following this response.

In regard to the Total Equity (Deficit) on the Balance Sheet, please note the following: Mid-South Imaging & Therapeutics, PA keeps its financial records and files income tax returns on the cash basis. Federal tax laws allow cash basis filers to accrue the profit sharing contribution at year-end and deduct that amount for federal income tax filing purposes.

The balance sheet includes a liability of \$1,817,797 for the profit sharing contribution for 2017. That amount decreases the equity and creates a deficit. That contribution is required to be paid out by the due date of the federal income tax return including extensions.

If that accrual was not included the Equity line would have been \$722,622 (less applicable federal income tax of roughly \$252,932).

## MID-SOUTH IMAGING &amp; THERAPEUTICS, P.A.

## STATEMENTS OF ASSETS, LIABILITIES AND EQUITY (INCOME TAX BASIS)

AS OF DECEMBER 31, 2017

<b>CURRENT ASSETS</b>	
Cash	\$ 13,804
Prepaid federal and state income taxes	248,165
<b>TOTAL CURRENT ASSETS</b>	<b>261,969</b>
<b>Property and equipment , net accumulated depreciation of \$2,805,191</b>	<b>309,125</b>
<b>OTHER ASSETS</b>	
Notes receivable	137,635
Invetstment in Imaging Center	125,000
Security deposit on lease	14,284
Artwork	4,547
<b>TOTAL OTHER ASSETS</b>	<b>281,466</b>
<b>TOTAL ASSETS</b>	<b>\$ 852,560</b>
Accrued profit sharing contribution	\$ 1,817,797
Bank line of credit	100,000
Withheld and accrued payroll taxes	19,975
Other accruals and payables	11,783
<b>CURRENT LAIBILITIES</b>	<b>1,949,555</b>
<b>EQUITY (DEFICIT)</b>	
Common stock	2,700
Treasury stock, at cost	(4,560)
Accumulated deficit	(1,095,135)
<b>TOTAL EQUITY (DEFICIT)</b>	<b>(1,096,995)</b>
<b>TOTAL LIABILITIES AND EQUITY (DEFICIT)</b>	<b>\$ 852,560</b>

<b>MID-SOUTH IMAGING &amp; THERAPEUTICS, P.A.</b>	
<b>STATEMENTS OF REVENUES AND EXPENSES (INCOME TAX BASIS)</b>	
<b>FOR THE YEAR ENDED DECEMBER 31, 2017</b>	
<b>NET OPERATING REVENUE</b>	<b>\$ 28,498,427</b>
<b>OPERATING EXPENSES</b>	
Salaries (including payroll taxes) and benefits	24,001,432
Billing and collection fees	1,740,231
Facility rental	354,739
Equipment rent, repairs, and maintenance	828,079
Marketing and recruiting	82,481
Professional fees	268,333
Office expenses	288,163
Donations and gifts	14,815
Insurance	74,910
Dues and subscriptions	137,417
<b>TOTAL OPERATING EXPENSES</b>	<b>27,790,600</b>
<b>EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION</b>	<b>707,827</b>
<b>NON-OPERATING EXPENSES</b>	
Interest income, net of interest expense	(265)
Taxes	101,394
Depreciation	162,165
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>263,294</b>
<b>NET INCOME</b>	<b>\$ 444,533</b>
<b>Payroll taxes of \$690,530 included with salaries and benefits</b>	

**15. Section B, Quality Measures**

**Please verify and acknowledge the applicant will be evaluated annually whether the proposal will provide health care that meets appropriate quality standards upon the following factors:**

The applicant verifies and acknowledges such.

**(3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:**

**(a) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;**

The applicant will always staff to a level that is consistent with high quality treatment and care of its patients. It will meet and maintain all staffing levels recommended or required by licensing and accrediting bodies, and comparable to those stated in the application.

**(b) Whether the applicant will obtain and maintain all applicable state licenses in good standing;**

Yes.

**(c) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;**

Yes; MSIT participates in both the Medicare and TennCare programs.

**(d) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;**

N/A; this is a proposed new health care institution.

**(e) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;**



N/A; this is a proposed new health care institution.

(f) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external assessment against nationally available benchmark data to accurately assess its level of performance in relation to established standards and to implement ways to continuously improve.

Yes; the applicant will participate in such quality improvement processes as part of its licensure, Medicare certification, and accreditation compliance.

This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

Mid-South Imaging Center will seek and expects to receive accreditation from the American College of Radiology.

#### **16. Proof of Publication**

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

A Publisher's Affidavit from The Jackson Sun is attached following this response.

**August 24, 2018**

**12:23 P.M.**

# AFFIDAVIT OF PUBLICATION

0003084914

Newspaper Jackson Sun

State of Tennessee

Account Number 9014736406MIDS

Advertiser MID SOUTH IMAGING THERAPEUTICS P.

MID SOUTH IMAGING THERAPEUTICS P.A.  
7600 WOLF RIVER BLVD.  
SUITE 200  
GERMANTOWN, TN 38138

**TEAR SHEET  
ATTACHED**

Jackie Cooper

Sales Assistant for the above mentioned newspaper,

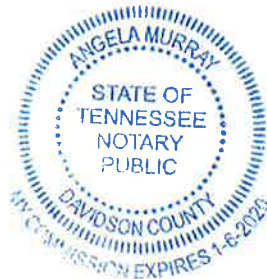
hereby certify that the attached advertisement appeared in said newspaper on the following dates:

08/10/18

Jackie Cooper

Subscribed and sworn to before me this 10 day of August 2018

Angela Murray  
Notary Public



Affidavits Requested:



002419 041229

**Supplemental #1**

**August 24, 2018**

**12:23 P.M.**

**AFFIDAVIT**

STATE OF TENNESSEE )

)

COUNTY OF SHELBY )

I, Brian M. Barbeito, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

*B. M. Barbeito*

Name: Brian M. Barbeito

Sworn to and subscribed before me this the 23<sup>rd</sup> day of August, 2018, a Notary Public in and for Shelby County, Tennessee.

*Debbie Harris*

Notary Public

My Commission Expires: 12/04/18

